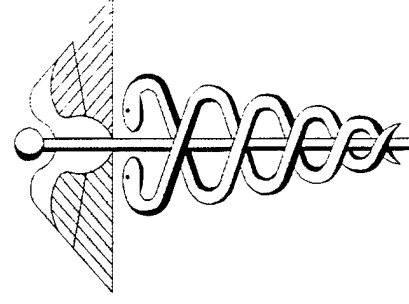
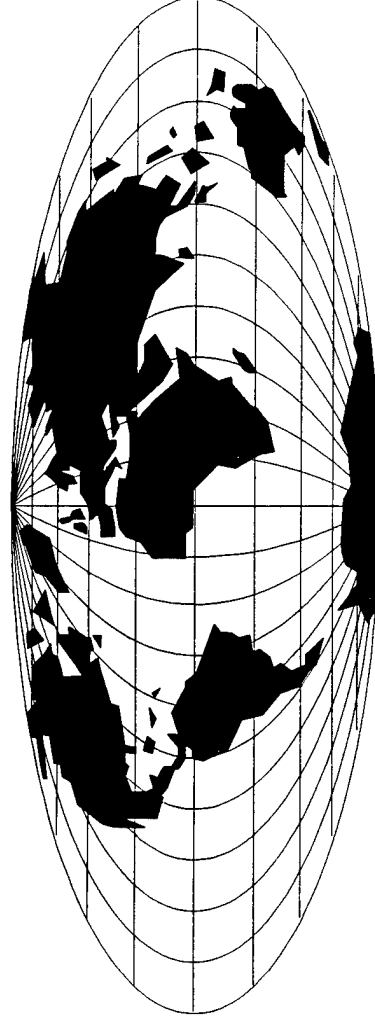
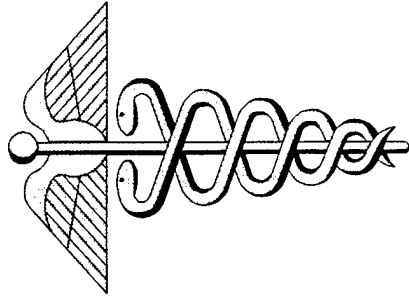


DEFENSE HEALTH PROGRAM



Justification of O&M Estimates

Fiscal Year 1998/1999
Volume 1

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The Defense Health Program spans the globe to support the Department of Defense's most important resource--active and retired military members and their families.

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**DEFENSE HEALTH PROGRAM, VOLUME I
JUSTIFICATION OF O&M ESTIMATES
FY 1998/1999 BIENNIAL BUDGET ESTIMATES**

TABLE OF CONTENTS

Exhibit PB-31A	Summary of Requirements	1
Exhibit PB-31C	Direct Hire Personnel Summary	2
Exhibit OP-5 Part 1	Defense Health Program Totals	5
Exhibit OP-5 Part 1C	Defense Health Program Totals (Continuation)	9
Exhibit OP-32	Summary of Price and Program Changes - Defense Health Program	20
Exhibit OP-5 Part 2	Direct Patient Care	29
Exhibit OP-32	Summary of Price and Program Changes - Direct Patient Care	40
Exhibit OP-5 Part 2	Patient Care Support	49
Exhibit OP-32	Summary of Price and Program Changes - Patient Care Support	61
Exhibit OP-5 Part 2	CHAMPUS	70
Exhibit OP-32	Summary of Price and Program Changes - CHAMPUS	76
Exhibit OP-5 Part 2	Health Care Support Contracts (Managed Care Support Contracts)	85
Exhibit OP-32	Summary of Price and Program Changes - Health Care Support Contracts	91

**DEFENSE HEALTH PROGRAM, VOLUME I
JUSTIFICATION OF O&M ESTIMATES
FY 1998/1999 BIENNIAL BUDGET ESTIMATES**

TABLE OF CONTENTS

	<u>Page No.</u>
Exhibit OP-5 Part 2 TRICARE Support Office (TSO)/OCHAMPUS	100
Exhibit OP-32 Summary of Price and Program Changes - TSO/OCHAMPUS	105
Exhibit OP-5 Part 2 Care in Non-Defense Facilities	114
Exhibit OP-32 Summary of Price and Program Changes - Care in Non-Defense Facilities	120
Exhibit OP-5 Part 2 Education and Training	129
Exhibit OP-32 Summary of Price and Program Changes - Education and Training	135
Exhibit OP-5 Part 2 USUHS	144
Exhibit OP-32 Summary of Price and Program Changes - USUHS	150
Exhibit OP-5 Part 2 Base Operations Support	159
Exhibit OP-32 Summary of Price and Program Changes - Base Operations Support	167

Defense Health Program Appropriation
FY 1998-99 Biennial Budget Estimates
Summary of Requirements by Program Decision Unit
Budget Activity and Activity Group
(\$000s)

<u>Defense Health Program</u>	<u>FY 1996</u> <u>Actuals</u>	<u>FY 1997</u> <u>Estimate</u>	<u>FY 1998</u> <u>Estimate</u>	<u>FY 1999</u> <u>Estimate</u>
Direct Patient Care	3,412,121	3,445,852	3,419,562	3,307,487
Patient Care Support	1,357,504	1,190,212	1,179,322	1,241,086
CHAMPUS	3,364,957	3,542,741	3,638,562	3,069,323
Care in Non-Defense Facilities	441,487	456,103	470,703	490,239
Education and Training	221,800	223,343	249,172	266,496
Base Operations	1,009,622	1,013,846	1,031,947	1,090,050
USUHS	<u>60,145</u>	<u>70,450</u>	<u>51,314</u>	<u>32,168</u>
Offset			-274,000	
Subtotal	9,867,636	9,942,547	9,766,582	9,496,849
Procurement	<u>286,597</u>	<u>269,470</u>	<u>274,068</u>	<u>246,133</u>
Total	10,154,233	10,212,017	10,040,650	9,742,982

Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates Submission
Direct Hire Personnel, Summary

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Total number of full-time permanent positions (FTEs)	39,157	39,268	37,592	35,834
Total compensable FTEs:				
Full-time equivalent employment				
U.S. Direct Hires	42,148	41,736	39,863	38,113
Foreign Nationals	863	527	519	516
Total Direct Hires	43,011	42,263	40,382	38,629
Total Full-time equivalent employment	43,011	42,263	40,382	38,629
Full-time equivalent of overtime and holiday hours (Workyears)				
Average FTE salary	\$31,428	\$32,202	\$32,965	\$33,592
Average GM salary	0	0	0	0
Average GS salary	\$31,867	\$32,618	\$33,400	\$34,074
Average salary of ungraded positions				

Data reflects direct and reimbursable civilian personnel.

Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates Submission
Direct Hire Civilian Employment

Detail by Budget Activity	FY 1996			FY 1997			FY 1998			FY 1999		
	End Strength	Work Years	\$(000)	End Strength	Work Years	\$(000)	End Strength	Work Years	\$(000)	End Strength	Work Years	\$(000)
Budget Activity 4												
Full-time Permanent	39,400	39,157	\$1,230,632	38,563	39,268	\$1,264,505	36,945	37,592	\$1,239,207	35,503	35,834	\$1,203,730
Other	4,095	3,854	\$121,124	3,010	2,995	\$96,445	2,801	2,790	\$91,971	2,702	2,795	\$93,889
Total Direct Hire	43,495	43,011	\$1,351,756	41,573	42,263	\$1,360,950	39,746	40,382	\$1,331,178	38,205	38,629	\$1,297,619
Foreign National Separation Liability	0	0	\$1,116	0	0	\$413	0	0	\$403	0	0	\$389
Severance Pay/Unemployment Compensation	0	0	\$25,067	0	0	\$17,153	0	0	\$13,764	0	0	\$14,300
Total	43,495	43,011	\$1,377,939	41,573	42,263	\$1,378,516	39,746	40,382	\$1,345,345	38,205	38,629	\$1,312,308
Reimbursable Data Included Above	518	566	\$19,096	679	660	\$20,018	546	503	\$14,662	524	597	\$19,457

Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates Submission
Indirect Hire Civilian Employment

Detail by Budget Activity	FY 1996			FY 1997			FY 1998			FY 1999		
	End Strength	Work Years	\$(000)	End Strength	Work Years	\$(000)	End Strength	Work Years	\$(000)	End Strength	Work Years	\$(000)
Budget Activity 4												
Indirect Hire Foreign National	1,538	1,560	\$48,641	1,794	1,813	\$65,348	1,792	1,788	\$66,079	1,790	1,785	\$67,325
Foreign National Separation Liability	0	0	\$186	0	0	\$177	0	0	\$179	0	0	\$181
Total Indirect Hire	1,538	1,560	\$48,827	1,794	1,813	\$65,525	1,792	1,788	\$66,258	1,790	1,785	\$67,506
Reimbursable Data Included Above	44	46	\$705	44	44	731	44	44	\$752	44	44	\$767

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

I. Description of Operations Financed: The Department of Defense (DoD) has two interwoven medical missions: (a) to provide, and be ready to provide, medical services and support to the armed forces during military operations, and (b) to provide medical services and support to members of the armed forces, their dependents, and other beneficiaries entitled to DoD health care. The Defense Health Program (DHP) appropriation funding provides support for worldwide medical and dental services to the active forces and other eligible beneficiaries, veterinary services, medical command headquarters, specialized services for the training of medical personnel, and occupational and industrial health care. Included are the costs associated with the Civilian Health and Medical Program of the Uniform Services (CHAMPUS) which provides for the health care of eligible active duty dependents, retired members and their dependents, and the eligible surviving dependents of deceased active duty and retired members. The DHP provides funding for acquisition of capital expense equipment in support of military medical treatment facilities, training facilities, and programs.

The remaining portion of the DHP appropriation funds procurement of capital equipment in support of the DoD health care program in military medical treatment facilities and other health activities worldwide. It includes equipment for initial outfitting of new, expanded or altered health care facilities being constructed under major military construction programs: equipment for modernization and replacement of worn-out, obsolete, or economically repairable items; equipment in support of CHAMPUS and medical treatment facility information processing requirements; and equipment supporting programs such as pollution control, clinical investigation, and occupational/environmental health.

All of these activities are under the direction and control of the Assistant Secretary of Defense (Health Affairs) (ASD(HA)). The ASD(HA), as the DoD officer responsible for the effective execution of the Department's mission, works through the Secretaries of the Military Departments to accomplish the Department's medical mission. The Assistant Secretary's responsibilities include developing a unified medical program and budget, and developing policies that will allow the Department to effectively perform its medical mission.

II. Force Structure Summary: The Department of Defense accomplishes its world wide mission by using the Defense Health Program (DHP) appropriation to support the eligible beneficiary population through a system of 115 hospitals and 471 clinics (FY 1997), and includes a workforce of 103,760 military and 43,367 civilian personnel. The number of hospitals decreases to 107 and 98 in the budget years FY 1998 and 1999. The civilian personnel workforce reflects a reduction of 4 percent each year. Within the DHP, the reduction of civilian and military end strength will be offset by decreased requirements from overall downsizing, contractor managed care personnel, and purchasing care under TRICARE support contracts.

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

III. Financial Summary (\$ in Thousands):

This submission includes Operation and Maintenance (O&M) and Procurement funds. The overall resource requirements for FY 1998 and 1999 were based on the DHP's capitation-based financing model in conjunction with input from the three Military Departments and the three DHP field activities. Capitation financing is one of the major components of the Department's managed care strategy. One of the unique aspects of the DHP's capitation model is that it considers all resources (i.e., both O & M and Military Personnel (MILPERS) funds) used to produce the Department's health care services for eligible beneficiaries. Population estimates were taken from the Resource Analysis Planning System (RAPS) version 9.1

The provision of health care in the DHP depends upon both O&M funds and military labor. A per capita decline in either resource component (i.e. O&M and MILPERS), if not offset by an increase in the other component, reduces the DHP's ability to provide a consistent level of health care services to eligible DOD beneficiaries. The above constant dollar per capita trend reflects a decline in available resources per user beneficiary.

The financial requirements set forth in this budget consider the effects of force structure downsizing and Base Realignment and Closure plans. Other than major mission changes, there are three main factors that influence DHP funding requirements: (1) general inflation, (2) health services prices, or medical specific inflation, and (3) population composition and changes.

Subsequent to the formulation of the budget request, further review of the medical program disclosed a funding shortfall of \$274 million in FY 1998. To address this shortfall, the Department plans to submit an amendment to the President's budget request that will provide the \$274 million. Necessary revisions to FY 1999 will be incorporated into next year's budget submission for FY 1999.

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

A. Defense Health Program

	FY 1997			FY 1998	FY 1999
	Actuals	Budget Request	Appropriated	Estimate	Estimate
Defense Health Program					
Direct Patient Care	3,412,121	3,242,313	3,455,443	3,419,562	3,307,487
Patient Care Support	1,357,504	943,233	1,175,912	1,179,322	1,241,086
CHAMPUS	3,364,957	3,542,741	3,542,741	3,638,562	3,069,323
Care in Non-Defense Facilities	441,487	447,561	456,103	470,703	490,239
Education and Training	221,800	207,231	223,343	249,172	266,496
Base Operations	1,009,622	923,209	1,013,846	1,031,947	1,090,050
USUHS	60,145	52,000	70,450	51,314	32,168
Offset				-274,000	
Total	9,867,636	9,358,288	9,937,838	9,766,582	9,496,849

B. Reconciliation Summary

	Change FY 1997/1999	Change FY 1997/1998	Change FY 1998/1999
Baseline Funding	9,358,288	9,942,547	9,766,582
Congressional Adjustments	579,550	0	0
Foreign Currency Adjustment	0	0	0
Price Changes	0	350,257	314,140
Functional Transfers	4,709	5,812	0
Program Changes	0	-532,034	-583,873
Current Estimate	9,942,547	9,766,582	9,496,849

C. OP-32 Line Item: Not provided at the appropriation level because the DHP appropriation includes Procurement funds in addition to O&M funds. See Exhibit OP-32.

D. Reconciliation: See Exhibit OP-5 Part 2.

IV. Performance Criteria and Evaluation: Not provided at the appropriation level - see Exhibit OP-5 Part 2

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Personnel Summary 1/:

<u>Active Military End Strength</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 1997/FY 1998</u>	<u>FY 1998/FY 1999</u>
Officer	35,976	35,888	35,270	34,739	-618	-531
Enlisted	66,407	67,872	67,230	66,332	-642	-898
Total Military	102,383	103,760	102,500	101,071	-1,260	-1,429
<u>Civilian End Strength</u>						
US Direct Hire	42,507	41,051	39,224	37,683	-1,827	-1,541
Foreign National Direct Hire	988	522	522	522	0	0
Total Direct Hire	43,495	41,573	39,746	38,205	-1,827	-1,541
Foreign National Indirect Hire	1,538	1,794	1,792	1,790	-2	-2
Total Civilians	45,033	43,367	41,538	39,995	-1,829	-1,543
(Reimbursable Civilian Included Above -memo)	562	723	590	568	-133	-22
<u>Active Military Work Years</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 1997/FY 1998</u>	<u>FY 1998/FY 1999</u>
Officer	36,428	35,932	35,579	35,005	-353	-574
Enlisted	67,856	67,140	67,551	66,781	411	-770
Total Military	104,284	103,072	103,130	101,786	58	-1,344
<u>Civilian Work Years</u>						
US Direct Hire	42,148	41,736	39,863	38,113	-1,873	-1,750
Foreign National Direct Hire	863	527	519	516	-8	-3
Total Direct Hire	43,011	42,263	40,382	38,629	-1,881	-1,753
Foreign National Indirect Hire	1,560	1,813	1,788	1,785	-25	-3
Total Civilians	44,571	44,076	42,170	40,414	-1,906	-1,756
(Reimbursable Civilian Included Above-memo)	612	704	547	641	-157	94

1/ Included to show a unified medical program. Military and civilian end strength included in DoD Components, not the Defense Health Program.

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Reconciliation of Increases and Decreases

(Dollars in Thousands)

1. FY 1997 President's Budget	9,358,288
2. Congressional Adjustments:	579,550
a. Breast Cancer	25,000
b. Head Injury	1,500
c. Gulf War	3,400
d. Red Cross Communications	14,500
e. Telemedicine	15,000
f. Reserve Dental	7,500
g. Prisoner of War	1,000
h. USUHS	6,900
i. Graduate Nurses	2,000
j. Nursing Research	5,000
k. Pacific Island Referral	5,000
l. Disaster Management	2,000
m. PACMEDNET	10,000
n. Brown Tree Snakes	1,000
o. Cancer Control	4,750
p. Shortfall	475,000
3. FY 1997 Appropriated Amount:	9,937,838
4. Reprogrammings/Transfers	4,709
a. Increases:	

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Reconciliation of Increases and Decreases

(Dollars in Thousands)

1. Hepatitis A 20,000

a. Decreases:

1. Combating Terrorism (9,591)

2. Contingency Operations (5,700)

5. FY 1997 Current Estimate: 9,942,547

6. Price Growth (FY 1998) 350,257

7. Functional Program Transfers: 5,812

a. Transfers In

1. Joint Health Care Management Engineering Team (JHMET) 469

2. TRACES 1,800

3. Transfers of Navy Alcohol Rehabilitation Centers & alcohol functions of the Detachment Drug Alcohol Management Activity (DAPAM) program from Navy BUPERS to the DHP. 4,488

4. Transfers responsibility & resources for Counseling Assistance Centers, now operating under Navy line commanders to the DHP. 1,522

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Reconciliation of Increases and Decreases

(Dollars in Thousands)

b. Transfers Out

1. Transfer Family Advocacy Program case management functions.

(2,467)

8. Program Increases:

1,327,010

- a. Small Hospital Conversion.

8,200

- b. Initial outfitting for various Air Force (3,690) & Navy (1,956) overseas facilities.

5,646

- c. Forward Deployable Laboratory. Start-up & maintenance costs for three forward deployed laboratories for the Pacific, Europe/Middle East/Africa, & Central/South America theaters of operation.

450

- d. Dependent Dental.

1,800

- e. Operational Dental Readiness. Improves the readiness status of deployable active duty personnel. The goal of this initiative is to assure 95% active duty personnel achieve a dental class 1 or 2.

10,800

- f. Waiver of Dental Copayment for Family Members Overseas (Legislative Proposals).

1,718

- g. Occupational health special studies and demonstration projects for the Air Force.

5,000

- h. Frames of Choice Program (Navy). Provides eye glass frames to active duty personnel consistent with the civilian sector optical industry standards & in support of CNO's goal for improved quality of life.

1,764

- i. Drop in Child Care (Navy). Provides drop-in child care services within the Medical Treatment Facility for

1,922

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Reconciliation of Increases and Decreases (Dollars in Thousands)

active duty families during medical appointments.

j. Omnibus Prevention Care Program (Navy). Implements the "Put Prevention into Practice" (PPiP) health promotion program which ensures clinical preventive services are delivered & reinforces the patient's responsibility to maintain a healthy lifestyle. 4,321

k. Surface Warfare Institute of Medicine (Navy). Provides professional & technical support & consultative services for Surface and Fleet Marine Force (FMF) Units concerning medical matters worldwide. 282

l. Contingency Operations. 1,400

m. Patient movement equipment. Upgrades & standardizes patient movement equipment under a 15-day evacuation policy as prescribed in the Defense Planning Guidance. 6,968

n. Business Process Review. 1,091

o. TRICARE Handbook & Policy Manuals. Printing requirements of the TRICARE handbooks & manuals that provide information to program managers and beneficiaries. 681

p. National Quality Monitoring Contract. Oversees the quality of care provided by the Managed Care Support contracts. 780

q. Increase in Air Force Aerovac training to meet new doctrine to rapidly evacuate & replace casualties. 8,500

r. Increase in Navy Readiness training to support individual medical readiness training, Fleet Hospital training, and Hospital Shipboard training. 4,700

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

<u>Reconciliation of Increases and Decreases</u>	(Dollars in Thousands)
s. Increase in support of Prevention Education.	3,915
t. Environmental compliance. Compliance and pollution prevention projects to meet provisions of the Clean Air Act, Clean Water Act, Solid Waste Management Act, & the Resource Conservation & Recovery Act.	9,281
u. Increase to fund Real Property Maintenance at the appropriate levels.	12,295
v. Combating terrorism. Provides for additional physical security equipment, site improvements, and security personnel.	1,630
w. Pipeline benefits requirements for MCS contracts in Regions 1 and 2/5.	229,500
x. Investment Demonstration Program. Clinical trials for this program are currently being expanded to include all cancer treatment clinical trials as approved by the National Institutes of Cancer.	2,700
y. MCS Contract implementation. Reflects all seven MCS contracts being implemented by FY 1998.	991,452
z. Contract Premium for outsourcing health care triggered by medical force structure downsizing and civilian workyear ceilings.	6,314
aa. Annualization of Reserve Dental Program	3,900
9. Program Decreases:	(1,859,044)
a. Decline in active duty population eligible for emergency medical care & implementation of the initiatives to reduce costs by improving program management.	(4,453)

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Reconciliation of Increases and Decreases

(Dollars in Thousands)

b. Discontinuation of one-time FY 1997 Congressional increases.

1. Breast Cancer	(25,840)
2. Nursing Research	(5,099)
3. Pacific Island Referral	(5,170)
4. PACMEDNET	(10,336)
5. Cancer control	(5,013)
6. Red Cross	(15,057)
7. Gulf War	(3,531)
8. Telemedicine	(15,576)
9. Disaster Management	(2,077)
10. Brown Tree Snakes	(1,038)
11. Head Injury	(1,530)
12. Prisoner of War	(1,020)
13. USUHS	(7,036)

c. Initial outfitting for various CONUS projects completed in FY 1997.

(4,448)

d. Decline in world wide user population of approximately 0.9 percent from FY 1997 to FY 1998.

(31,412)

e. Utilization Management (UM). Implements the second phase of the MHSS UM strategy designed to control the use of health care services. Phase-in savings represent an additional 1.5% UM goal for FY 1998 UM goal of 2.5%.

(98,415)

f. Hepatitis "A" & Varicella Vaccine. One-time costs associated with the initial immunization program for FY 1997.

(27,300)

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

<u>Reconciliation of Increases and Decreases</u>	(Dollars in Thousands)
g. Reduction of 1,882 flying hours & associated contract logistics support.	(4,426)
h. 1% reduction in management headquarters.	(350)
i. Reduced level of effort associated with decreases in the population supported due to force structure downsizing.	(15,822)
j. Reduction of 10 civilian workyears at OCHAMPUS. Reduced requirements for supplies, rents & communications associated with office relocation.	(750)
k. One time FY 1997 equipment purchase to relocate the TRICARE Support Office (OCHAMPUS).	(1,525)
l. USUHS phase down.	(5,845)
m. Specialized skill training decreases to correspond with reduction in certified military care professional end strengths.	(2,058)
n. Reflects anticipated personnel & infrastructure reductions as a result of cessation of inpatient & outpatient care and closure of several DHP facilities.	(7,152)
o. Deletes, realigns, and transfers DHP RPM projects at Beale AFB, Quantico, & Pensacola.	(8,000)
p. Decrease for the one-time required pipeline costs for Region 3/4 and 7/8 in FY 1997.	(161,400)
q. Reflects all MCS contracts being implemented by FY 1998 for all twelve Health Service Regions.	(939,965)
r. Reduced CHE/CAP and FI costs result from the decrease in Standard CHAMPUS benefits.	(94,800)

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Reconciliation of Increases and Decreases

(Dollars in Thousands)

s. One time startup costs in FY 1997 for regions 1 and 2/5 MCS contracts are eliminated.	(61,100)
t. TRICARE Pharmacy Network Savings	(17,500)
u. Offset	(274,000)
10. FY 1998 Budget Request	9,766,582
11. Price Growth (FY 1999)	314,140
12. Functional Program Transfers:	0
a. Transfers In	0
b. Transfers Out	0
13. Program Increases:	415,468
a. Small Hospital Conversion.	7,900
b. Total Force Preventive Medicine. Pre/Post Deployment Initiative. Monitors personnel health of USAF before, during, & after deployment to meet tasking for global surveillance of communicable diseases.	12,000
c. Provides diseases surveillance, health threat assessments, and disease outbreak investigations.	16,969
d. Air Force Aerovac training for critical care augmentation teams.	2,400

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

<u>Reconciliation of Increases and Decreases</u>	(Dollars in Thousands)
e. Increase in Navy & Air Force readiness training.	3,096
f. HPSP scholarships increase to maintain Dental Corps strength.	1,500
g. Environmental compliance. Compliance and pollution prevention projects to meet provisions of the Clean Air Act, Clean Water Act, Solid Waste Management Act, & the Resource Conservation & Recovery Act.	9,003
h. Increase to fund Real Property Maintenance at the appropriate levels.	19,692
i. Combating terrorism. Provides for additional physical security equipment, site improvements, and security personnel.	930
j. Real Property Services programmatic adjustment to meet shortfall.	15,700
k. Base communications increase to accommodate the proliferation of information technologies including CHCS, Telemedicine, and ADS.	8,670
l. Investment Demonstration Program. Clinical trials for this program are currently being expanded to include all cancer treatment clinical trials as approved by the National Institutes of Cancer.	2,400
m. Startup costs for Region 11 Contract.	7,400
n. Annualization of Reserve Dental Program	22,300
o. Adjustment for FY 98 Offset plus inflation	285,508

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Reconciliation of Increases and Decreases

(Dollars in Thousands)

14. Program Decreases:

(999,341)

a. Decline in active duty population eligible for emergency medical care.

(123)

b. BRAC. Estimated savings related to closure of Fitzsimmons Army Medical Center.

(2,316)

c. Initial outfitting. Reduces the initial outfitting account for various projects completed in FY 1998.

(11,664)

d. Reflects the reduced level of effort associated with the decline in world wide user population of approximately 0.2 percent from FY 1998 to FY 1999.

(6,500)

e. Utilization Management (UM). Implements the second phase of the MHSS UM strategy designed to control the use of health care services. Phase-in savings represent an additional 1.5% UM goal for a total FY 1999 UM goal of 4%.

(99,715)

f. Additional UM Initiatives. Represents an additional FY98 UM target of 1.4%.

(113,872)

g. Reduced level of effort associated with decreases in the population supported due to force structure downsizing.

(1,001)

h. Reduction of 9 additional civilian workyears (OCHAMPUS).

(628)

i. TRICARE handbooks and Policy Manuals. Reduction for one-time printing cost.

(684)

j. Regional Review Centers. Provides preauthorization & retrospective review of medical care provided in civilian facilities.

(1,200)

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

<u>Reconciliation of Increases and Decreases</u>	(Dollars in Thousands)
k. Continued reduction of office operations & support costs as the OCHAMPUS staffing levels decrease.	(428)
l. USUHS phase down	(19,991)
m. Decrease in Specialized Training.	(728)
n. Reflects anticipated personnel & infrastructure reductions as a result of cessation of inpatient & outpatient care and closure of several DHP facilities.	(3,308)
o. Deletes, realigns, and transfers DHP RPM projects at Beale AFB, Quantico, & Pensacola.	(9,400)
p. Decrease for the one-time required pipeline costs for Region 1 and 2/5 in FY 1998.	(233,200)
q. Remaining FY 1998 Standard CHAMPUS benefits costs eliminated for the last 2 regional contracts.	(99,371)
r. Reduced CHE/CAP and FI costs result from the decrease in Standard CHAMPUS benefits.	(42,400)
s. Reduced MCS Contracts Health Care Costs.	(352,812)
15. FY 1999 Budget Request	9,496,849

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINE Defense Health Program						
308 Travel of Persons	157072	5	2.20	3455	-85	160447
399 Total Travel	157072	5		3455	-85	160447
401 DFSC Fuel	21624	0	1.29	280	-1484	20420
402 Service Fund Fuel	843	0	1.30	11	648	1502
411 Army Sup & Mat	25641	0	-6.00	-1539	3467	27569
412 Navy Sup & Mat	32602	0	8.60	2804	-6314	29092
414 AF Sup & Mat	397	0	-1.01	-4	99	492
415 DLA Sup & Mat	104565	0	-2.10	-2195	-22755	79615
416 GSA Sup & Mat	35945	0	2.20	791	2360	39096
417 Local Proc Sup & Mat	1120923	226	2.20	24664	-265710	880103
499 Total Sup & Mat	1342540	226		24812	-289689	1077889
502 Army Fund Equipt	3928	0	-6.01	-236	31	3723
503 Navy Fund Equipt	1280	0	8.67	111	-940	451
505 AF Fund Equipt	62648	0	-1.20	-751	-17737	44160
506 DLA Fund Equipt	2041	0	-2.11	-43	684	2682
507 GSA Fund Equipt	9141	0	2.21	202	-2388	6955
599 Total Fund Equipt	79038	0		-717	-20350	57971
602 Army Depot Cmd Maint	13	0	7.69	1	1	15
611 Naval Surface War Ctr	257	0	-2.72	-7	-63	187
615 Data Automat Ctr Navy	205	0	-7.32	-15	-145	45
620 Fleet Aux Ships Navy	0	0	0.00	0	1157	1157
630 Naval Rsch Lab	11	0	0.00	0	3	14
631 Naval Civil Engrnr Ctr	6852	0	-6.49	-445	-3588	2819
633 Naval Pub & Pmt Svc	12088	0	9.40	1136	-216	13008

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
Defense Health Program						
634 Nav Pub Wrks Ctr: Utilities	22622	0	-0.30	-67	157	22712
635 Nav Pub Wrks Ctr: Pub Wrks	86967	0	2.10	1827	-9787	79007
637 Naval Shipyards	20	0	15.00	3	0	23
653 Airlift Svcs Trng & Ops	17953	0	29.40	5278	-6039	17192
671 Communications Svc	6006	0	-4.31	-259	4681	10428
673 Def Finance & Acct Svc	42241	0	11.40	4815	25737	72793
679 Cost Reimbursible Svc	471	0	2.12	10	122	603
699 Total Purchases	195706	0		12277	12020	220003
701 MAC Cargo	21	0	0.00	0	0	21
702 MAC SAAM	238	0	-0.42	-1	36	273
711 MSC Cargo	0	0	0.00	0	0	0
721 MTMC Port Handling	0	0	0.00	0	19	19
725 MTMC Other	86	0	0.00	7	-93	0
771 Commercial Transportation	7742	8	2.18	169	-2227	5692
799 Total Transportation	8087	8		175	-2265	6005
9XX Civ Pay Reimburs Host	1737959	545	3.00	52156	-41240	1749420
901 Foreign Nat Ind Hire	47931	581	3.00	1456	14642	64610
902 Separation Liability	26369	0	3.00	790	-9416	17743
912 Rental Pay to GSA	9924	0	2.20	218	66	10208
913 Purchased Utilities	78721	80	2.20	1734	386	80921
914 Purchased Communica	39753	107	2.20	876	-6526	34210
915 Rents non GSA	24296	67	2.20	536	2081	26980
917 Postal Svcs	3216	0	2.52	81	-332	2965
920 Supplies & Mat	353533	842	3.45	12226	-106717	259884
921 Printing & Reproduct	8164	0	2.19	179	-1372	6971

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1996</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1997</u> <u>Program</u>
LINE Defense Health Program						
922 Equipt Maint Contract	87452	41	2.20	1924	-6092	83325
923 Facility Maint Contract	156778	240	2.20	3456	-21757	138717
925 Equipt Purchases	203470	82	3.33	6782	-71671	138663
926 Overseas Purchases	2460	9	2.23	55	-223	2301
930 Other Depot Maint	29379	0	2.20	647	-1195	28831
931 Contract Consultants	2976	0	2.22	66	-2006	1036
932 Mgmt & Prof Spt Svc	9572	0	2.19	210	-2666	7116
933 Studies Analysis Eval	23645	0	2.20	520	7014	31179
934 Engineering Tech Svc	7	0	0.00	0	-7	0
937 Fuel	809	5	2.21	18	96	928
988 Grants	13767	0	2.20	303	-4535	9535
989 Other Contracts	4870827	1069	3.83	186556	277742	5336194
998 Other Costs*	354185	0	3.74	13250	21060	388495
999 Total Purchases	8085193	3668		284039	47332	8420232
9999 TOTAL	9867636	3907	3.28	324041	-253037	9942547

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
Defense Health Program						
308 Travel of Persons	160447	0	2.10	3371	11083	174901
399 Total Travel	160447	0		3371	11083	174901
401 DFSC Fuel	20420	0	19.70	4023	-3158	21285
402 Service Fund Fuel	1502	0	19.77	297	-50	1749
411 Army Sup & Mat	27569	0	2.30	633	-2093	26109
412 Navy Sup & Mat	29092	0	26.30	7651	367	37110
414 AF Sup & Mat	492	0	19.31	95	-100	487
415 DLA Sup & Mat	79615	0	1.60	1274	-4330	76559
416 GSA Sup & Mat	39096	0	2.10	821	1041	40958
417 Local Proc Sup & Mat	880103	224	2.10	18486	-41318	857495
499 Total Sup & Mat	1077889	224		33280	-49641	1061752
502 Army Fund Equipt	3723	0	2.31	86	-310	3499
503 Navy Fund Equipt	451	0	26.39	119	32	602
505 AF Fund Equipt	44160	0	19.30	8523	-1047	51636
506 DLA Fund Equipt	2682	0	1.60	43	74	2799
507 GSA Fund Equipt	6955	0	2.10	146	2	7103
599 Total Fund Equipt	57971	0		8917	-1249	65639
602 Army Depot Cmd Maint	15	0	6.67	1	0	16
611 Naval Surface War Ctr	187	0	12.30	23	-12	198
615 Data Automat Ctr Navy	45	0	6.67	3	-6	42
620 Fleet Aux Ships Navy	1157	0	2.07	24	98	1279
630 Naval Rsch Lab	14	0	0.00	0	5	19
631 Naval Civil Engrn Ctr	2819	0	2.09	59	-115	2763
633 Naval Pub & Pmt Svc	13008	0	-4.01	-521	1665	14152

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
LINE Defense Health Program						
634 Nav Pub Wrks Ctr: Utilities	22712	0	-1.00	-227	4253	26738
635 Nav Pub Wrks Ctr: Pub Wrks	79007	0	0.30	237	6745	85989
637 Naval Shipyards	23	0	17.39	4	-1	26
653 Airlift Svcs Trng & Ops	17192	0	19.80	3404	-3009	17587
671 Communications Svc	10428	0	-11.00	-1147	445	9726
673 Def Finance & Acct Svc	72793	0	-12.60	-9172	14465	78086
679 Cost Reimbursible Svc	603	0	1.99	12	4	619
699 Total Purchases	220003	0		-7300	24537	237240
701 MAC Cargo	21	0	4.76	1	4	26
702 MAC SAAM	273	0	17.58	48	-49	272
711 MSC Cargo	0	0	0.00	0	0	0
721 MTMC Port Handling	19	0	5.26	1	-2	18
725 MTMC Other	0	0	0.00	0	0	0
771 Commercial Transportation	5692	0	2.11	120	10	5822
799 Total Transportation	6005	0		170	-37	6138
9XX Civ Pay Reimburs Host	1749420	152	2.85	49862	-80980	1718454
901 Foreign Nat Ind Hire	64610	0	2.85	1841	-1130	65321
902 Separation Liability	17743	0	2.85	506	-3903	14346
912 Rental Pay to GSA	10208	0	0.00	0	280	10488
913 Purchased Utilities	80921	23	2.10	1700	685	83329
914 Purchased Communica	34210	41	2.10	719	512	35482
915 Rents non GSA	26980	2	2.10	567	1623	29172
917 Postal Svcs	2965	0	0.00	0	-52	2913
920 Supplies & Mat	259884	163	3.72	9666	41569	311282
921 Printing & Reproduct	6971	0	2.11	147	949	8067

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1997</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1998</u> <u>Program</u>
LINE Defense Health Program						
922 Equipt Maint Contract	83325	42	2.10	1751	8166	93284
923 Facility Maint Contract	138717	24	2.10	2913	20529	162183
925 Equipt Purchases	138663	35	3.67	5094	6645	150437
926 Overseas Purchases	2301	0	2.13	49	65	2415
930 Other Depot Maint	28831	0	2.10	605	-2836	26600
931 Contract Consultants	1036	0	2.12	22	53	1111
932 Mgmt & Prof Spt Svc	7116	0	2.09	149	15	7280
933 Studies Analysis Eval	31179	0	2.10	654	3984	35817
934 Engineering Tech Svc	0	0	0.00	0	0	0
937 Fuel	928	0	2.05	19	96	1043
988 Grants	9535	0	2.10	200	-2045	7690
989 Other Contracts	5336194	129	4.11	219257	-232262	5323318
998 Other Costs*	388495	0	3.93	15263	1122	404880
999 Total Purchases	8420232	611		310984	-236915	8494912
Offset					-274000	-274000
9999 TOTAL	9942547	835	3.51	349422	-526222	9766582

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE Defense Health Program						
308 Travel of Persons	174901	0	2.10	3673	1903	180477
399 Total Travel	174901	0		3673	1903	180477
401 DFSC Fuel	21285	0	-4.40	-936	618	20967
402 Service Fund Fuel	1749	0	-4.40	-77	210	1882
411 Army Sup & Mat	26109	0	2.20	574	-2282	24401
412 Navy Sup & Mat	37110	0	-3.00	-1114	2840	38836
414 AF Sup & Mat	487	0	0.00	0	-7	480
415 DLA Sup & Mat	76559	0	-1.00	-765	7817	83611
416 GSA Sup & Mat	40958	0	2.10	861	600	42419
417 Local Proc Sup & Mat	857495	365	2.10	18015	21043	896918
499 Total Sup & Mat	1061752	365		16558	30839	1109514
502 Army Fund Equipt	3499	0	2.20	77	-287	3289
503 Navy Fund Equipt	602	0	-2.82	-17	61	646
505 AF Fund Equipt	51636	0	0.00	0	2771	54407
506 DLA Fund Equipt	2799	0	-1.00	-28	-61	2710
507 GSA Fund Equipt	7103	0	2.11	150	11	7264
599 Total Fund Equipt	65639	0		182	2495	68316
602 Army Depot Cmd Maint	16	0	0.00	0	1	17
611 Naval Surface War Ctr	198	0	-0.51	-1	-13	184
615 Data Automat Ctr Navy	42	0	2.38	1	-5	38
620 Fleet Aux Ships Navy	1279	0	2.11	27	33	1339
630 Naval Rsch Lab	19	0	10.53	2	0	21
631 Naval Civil Engrnr Ctr	2763	0	2.71	75	-339	2499
633 Naval Pub & Pmt Svc	14152	0	2.70	382	973	15507

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
Defense Health Program						
634 Nav Pub Wrks Ctr: Utilities	26738	0	-3.00	-802	610	26546
635 Nav Pub Wrks Ctr: Pub Wrks	85989	0	0.20	171	6351	92511
637 Naval Shipyards	26	0	-11.54	-3	3	26
653 Airlift Svcs Trng & Ops	17587	0	-2.50	-440	827	17974
671 Communications Svc	9726	0	-12.31	-1197	476	9005
673 Def Finance & Acct Svc	78086	0	-0.10	-78	5653	83661
679 Cost Reimbursible Svc	619	0	2.10	13	-22	610
699 Total Purchases	237240	0		-1850	14548	249938
701 MAC Cargo	26	0	3.85	1	-4	23
702 MAC SAAM	272	0	-1.47	-4	2	270
711 MSC Cargo	0	0	0.00	0	0	0
721 MTMC Port Handling	18	0	0.00	0	-1	17
725 MTMC Other	0	0	0.00	0	0	0
771 Commercial Transportation	5822	0	2.10	122	-33	5911
799 Total Transportation	6138	0		119	-36	6221
9XX Civ Pay Reimburs Host	1718454	508	2.20	37817	-86592	1670187
901 Foreign Nat Ind Hire	65321	0	2.20	1438	-207	66552
902 Separation Liability	14346	0	2.20	315	209	14870
912 Rental Pay to GSA	10488	0	0.00	0	288	10776
913 Purchased Utilities	83329	0	2.10	1750	895	85974
914 Purchased Communica	35482	51	2.10	745	341	36619
915 Rents non GSA	29172	72	2.10	613	220	30077
917 Postal Svcs	2913	3	0.00	0	-36	2880
920 Supplies & Mat	311282	895	3.77	11781	6521	330479
921 Printing & Reproduct	8067	0	2.09	169	1368	9604

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
Defense Health Program						
922 Equipt Maint Contract	93284	765	2.10	1974	-7796	88227
923 Facility Maint Contract	162183	95	2.10	3408	2289	167975
925 Equipt Purchases	150437	447	3.67	5532	-18596	137820
926 Overseas Purchases	2415	0	2.15	52	-35	2432
930 Other Depot Maint	26600	0	2.10	559	646	27805
931 Contract Consultants	1111	0	2.07	23	-44	1090
932 Mgmt & Prof Spt Svc	7280	0	2.10	153	7	7440
933 Studies Analysis Eval	35817	0	2.10	752	2313	38882
934 Engineering Tech Svc	0	0	0.00	0	0	0
937 Fuel	1043	0	2.01	21	44	1108
988 Grants	7690	0	2.09	161	-4246	3605
989 Other Contracts	5323318	977	4.12	219610	-819619	4724286
998 Other Costs*	404880	0	3.93	15915	2900	423695
999 Total Purchases	8494912	3813		291280	-633622	7882383
	-274000					
9999 TOTAL	9766582	4178	3.17	309962	-583873	9496849

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Detail By Sub-Activity Group: Direct Patient Care

I. Description of Operations Financed: This Sub-Activity Group provides for the delivery of patient care worldwide. This includes two broad functional areas: (1) Care in Defense Medical Centers, Station Hospitals and Medical Clinics, and (2) Dental Care Activities, in the Continental United States (CONUS) and Outside the Continental United States (OCONUS) respectively.

II. Force Structure Summary: **Defense Medical Centers/Hospitals/Clinics** represent the costs of providing medical care in DoD-owned and operated medical centers, station hospitals, medical clinics, and subordinate aid stations which are staffed and equipped to provide the full range of inpatient and ambulatory health care services. Includes medical center laboratories, alcohol treatment, clinical investigation activities and on-the-job training/education programs conducted at these facilities, federal sharing agreements, supplemental and cooperative care costs specifically identified to health care services received in a **non-defense** facility as a result of a referral or prearranged agreement. Excludes operation of management headquarters for TRICARE Lead Agents, dental activities, deployable medical units and other health care resources devoted exclusively to teaching **Dental Care Activities** represent the costs of providing dental services through operation of hospital departments of dentistry, installation dental clinics, and Regional Dental Activities (laboratories). Excludes provision of dental services by units organic to Operating Forces units and deployable dental units operating in an active combat zone.

III. Financial Summary (O&M \$ in thousands):

A. Sub-Activity Group

	FY 1996 Actuals	Budget Request	FY 1997		FY 1998 Estimate	FY 1999 Estimate
			Appropriation	Current Estimate		
MEDCENs / Hospitals / Clinics (CONUS)	\$2,954,594	\$2,771,958	\$2,973,647	\$2,964,056	\$2,936,809	\$2,800,957
MEDCENs / Hospitals / Clinics (OCONUS)	288,577	271,479	282,330	282,330	279,003	296,553
Dental Care Activities (CONUS)	131,391	140,927	153,630	153,630	158,027	161,794
Dental Care Activities (OCONUS)	37,559	57,949	45,836	45,836	45,723	48,183
Total	\$3,412,121	\$3,242,313	\$3,455,443	\$3,445,852	\$3,419,562	\$3,307,487

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

III. Financial Summary (O&M--\$ in thousands--Continued):

B. Reconciliation Summary

Baseline Funding	Change FY 1997/1997	Change FY 1997/1998	Change FY 1998/1999
Congressional Adjustments	\$3,242,313	\$3,445,852	\$3,419,562
Reprogrammings/Transfers	+213,130		
Price Change	-9,591	+115,516	+91,792
Functional Transfers			
Program Changes		-141,806	-203,867
Current Estimate	\$3,445,852	\$3,419,562	\$3,307,487

C. OP-32 Line Item: See Exhibit OP-32

D. Reconciliation of Increases and Decreases (Continued):

1. FY 1997 President's Budget Request	\$3,242,313
2. Congressional adjustments	+213,130
Congressional Increase	+160,780
Breast Cancer	+25,000
Reserve Dental	+7,500
Pacific Island Referral	+5,000
PACMEDNET	+10,000
Cancer Control	+4,850
3. FY 1997 Appropriated	\$3,455,443

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (Continued):

4. Reprogrammings/Transfers		
Anti-Terrorism		-9,591
5. FY 1997 Current Estimate		\$3,445,852
6. Price Growth		+115,516
7. Program Increases		
a. MEDCENS/ Hospitals/Clinics (CONUS)		
Downsizing Small Hospitals. This increase finances the purchase of in-patient care from the private sector and finances anticipated increases in out-patient clinic visits due to conversion of eight small hospitals to extended hour out-patient clinics. This increase is offset by a decrease in military personnel costs of -\$9.2 million due to staff reductions associated with elimination of the in-patient capability at each hospital. An additional nine small hospitals will be downsized in FY99 for a total of 17 conversions. Downsizing the seventeen carefully selected small hospitals will reduce costs and will improve access to care and the quality of care provided to MHSS beneficiaries. Net savings of \$36 million per year are expected beginning in FY01 when the conversions are complete.	+8,200 ✓	
b. MEDCENS/Hospitals/Clinics (OCONUS)		
Initial outfitting for various small Air Force (3,690) and Navy (1,956) overseas facilities	+5,646 ✓	

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (Continued):

Forward Deployable Laboratory (Navy):	+450 ✓
Start-up and annual maintenance costs for three forward deployed laboratories for the Pacific, Europe/Middle East/Africa, and Central/South America theaters of operation.	
c. Dental Care Activities	
Operational Dental Readiness. Provides dental services necessary to improve the readiness status of deployable active duty personnel. The goal of this initiative is to assure 95% of active duty personnel achieve a dental status of class 1 or 2, thus limiting non-deployable active duty personnel (due to dental) to 5% or less.	+10,800 ✓
Dependent Dental	+1,800 ✓
Annualization of Reserve Dental Program	+3,900
d. Legislative Proposals	
Waiver of Dental Copayments for Family Members Overseas	+1,718 ✓
e. Contract Premium	
Contract premium for outsourcing health care triggered by medical force structure downsizing and civilian workyear ceilings.	+6,314
Total Program Increases	+38,828

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (Continued):

9. Program Decreases		
a. Reverse FY 1997 One-time Congressional Increases		-46,359
Breast Cancer	-25,840	
Pacific Island Referral	-5,170	
PACMEDNET	-10,336	
Cancer Control	-5,013	
b. Initial Outfitting. Reduces the initial outfitting account for various CONUS projects completed in FY97.		-4,448
c. Population Impact		-31,412
This program decrease reflects the reduced level of effort associated with the decline in world wide user population of approximately 0.9 percent from FY97 to FY98.		
d. Utilization Management		-98,415

This reduction implements the second phase of the MHSS utilization management strategy designed to control the use of health care services while maintaining access to appropriate high-quality health care provided by the MHSS. Phase-in savings represent an additional 1.5% utilization management goal for total FY98 utilization management goal of 2.5%

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (Continued):

Total Program Decreases	-180,634	
10. FY 1998 Budget Request	\$3,419,562	
11. Price Growth	+91,792	
12. Program Increases		
a. MEDCENS/ Hospitals/Clinics (CONUS)		
Downsizing Small Hospitals. This increase finances the purchase of in-patient care from the private sector and finances anticipated increases in out-patient clinic visits due to conversion of nine small hospitals to extended hour out-patient clinics. This increase is offset by a decrease in military personnel costs of -\$19.2 million due to staff reductions associated with elimination of the in-patient capability. This completes the second phase of the downsizing effort of 17 small hospitals that began in FY98. Downsizing the seventeen carefully selected small hospitals will reduce costs and will improve access to care and the quality of care provided to MHSS beneficiaries. Net savings of \$36 million per year are expected beginning in FY01 when the conversions are complete.	+7,900	
b. Annualization of Reserve Dental Program	+22,300	
Total Program Increases	+30,200	

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (Continued):

13. Program Decreases

- | | |
|---|---------|
| a. BRAC. Estimated savings related to closure of Fitzsimons Army Medical Center. | -2,316 |
| b. Initial Outfitting. Reduces the initial outfitting account for various projects completed in FY98. | -11,664 |
| c. Population Impact | -6,500 |
| d. Utilization Management | -99,715 |

This program decrease reflects the reduced level of effort associated with the decline in world wide user population of approximately 0.2 percent from FY98 to FY99.

This reduction implements the second phase of the MHSS utilization management strategy designed to control the use of health care services while maintaining access to appropriate high-quality health care provided by the MHSS. Phase-in savings represent a additional 1.5% utilization management goal for a FY99 total utilization management goal of 4%

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (Continued):

- e. Additional Utilization Management Initiatives: This reduction represents an additional FY98 utilization management target of 1.4% for a total utilization management goal of 5.4%. The MHSS will meet the challenge to reach this goal and achieve these additional savings by implementing aggressive utilization management strategies to control use of health care services.

-113,872

Total Program Decreases

-234,067

14. FY1999 Budget Request

\$3,307,487

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

IV. Performance Criteria and Evaluation Summary:

<u>Total US User Population (Average Manyyears)</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Change FY97-98</u>	<u>Change FY98-99</u>
Active Duty (1)	1,408,348	1,381,139	1,361,230	1,353,382	-19,909	-7,848
Dependents of Active Duty(2)	2,048,974	2,008,709	1,982,417	1,974,518	-26,292	-7,899
CHAMPUS Eligible Retirees	752,059	745,996	740,491	735,901	-5,505	-4,590
CHAMPUS Eligible Dependents of Retirees	1,278,544	1,260,606	1,244,238	1,240,784	-16,368	-3,454
Medicare Eligible Beneficiaries	395,698	413,034	430,674	446,032	+17,640	+15,358
Total Population	5,883,623	5,809,484	5,759,050	5,750,617	-50,434	-8,433
<u>Total Overseas User Population (Average Manyyears)</u>						
Active Duty (1)	234,108	230,684	228,966	226,383	-1,718	-2,583
Dependents of Active Duty (2)	216,149	211,943	210,959	210,005	-984	-954
CHAMPUS Eligible Retirees	18,135	18,304	18,478	18,651	+174	+173
CHAMPUS Eligible Dependents of Retirees	40,926	40,042	39,209	39,497	-833	+288
Medicare Eligible Beneficiaries	10,503	11,051	11,517	11,968	+466	+451
Total Population	519,821	512,024	509,129	506,504	-2,895	-2,625
<u>Total World-Wide User Population (Average Manyyears)</u>						
Active Duty (1)	1,642,456	1,611,823	1,590,196	1,579,765	-21,627	-10,431
Dependents of Active Duty (2)	2,265,123	2,220,652	2,193,376	2,184,523	-27,276	-8,853
CHAMPUS Eligible Retirees	770,194	764,300	758,969	754,552	-5,331	-4,417
CHAMPUS Eligible Dependents of Retirees	1,319,470	1,300,648	1,283,447	1,280,281	-17,201	-3,166
Medicare Eligible Beneficiaries	406,201	424,085	442,191	458,000	+18,106	+15,809
Total Population	6,403,444	6,321,508	6,268,179	6,257,121	-53,329	-11,058

(1) Includes Active Guard/Reserve entitled to medical benefit.

(2) Includes Dependents of Active Guard/Reserve entitled to medical benefit.

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

IV. Performance Criteria and Evaluation Summary: Direct Patient Care (continued)

The workload data displayed on the previous page reflects the portion of the beneficiary population estimated to be full time users of the MHSS and is used for the direct care system of medical treatment facilities. A more comprehensive performance measure for the Defense Health Program (DHP) is the cost of health care services per user beneficiary. This per capita measure has the advantage of integrating multiple workload factors and the cost of all resources into a single measure.

The total DHP cost per capita, O&M cost per capita, and military personnel cost per capita reflected in this budget, based on projected beneficiary man-years, are as follows:

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Change FY 1996-97</u>	<u>Change FY 1997-98</u>	<u>Change FY 1998-99</u>
O & M	\$1,541	\$1,573	\$1,660	\$1,518	+\$32 (-2.1%)	+\$87 (+5.5%)	-\$142 (-8.6%)
MILPERS ^{1/}	\$792	\$817	\$827	\$838	+\$25 (+3.2%)	+\$10 (+1.3%)	+\$11 (+1.3%)
Total	\$2,333	\$2,390	\$2,487	\$2,356	+\$57 (+2.5%)	+\$97(+4.1%)	-\$131 (-5.3%)
Then Year \$\$							
FY94 Constant \$\$	\$2,189	\$2,174	\$2,188	\$2,011	-\$15 (-0.7%)	+\$14 (+0.7%)	-\$177 (-8.1%)

^{1/} Military personnel costs and end strength are included in the budget submissions of the three Military Departments and are not part of DHP appropriation.

The DHP's ability to provide high quality, cost effective health care services to eligible beneficiaries requires the availability of two major resource components: O&M funds and military personnel labor. Per capita declines in either resource component must be offset with an increase in the other component to ensure a consistent level of health care services to eligible DoD beneficiaries. The DHP budget only addresses O&M funds and military personnel labor is included the budgets of the three Military Departments. However, the DHP capitation financing model includes both O&M funds and military personnel labor because that is the most rational way to evaluate the ability of the DHP to meet its mission requirements.

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

V. Personnel Summary 1/

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Change FY97/FY98</u>	<u>Change FY98/FY99</u>
<u>Active Military End Strength 1/</u>						
Officer	24,341	24,696	23,868	23,514	-828	-354
Enlisted	49,637	50,697	50,350	49,432	-347	-918
Total Military	73,978	75,393	74,218	72,946	-1,175	-1,272
<u>Civilian End Strength 1/</u>						
U.S. Direct Hire	30,677	29,842	28,488	27,391	-1,354	-1,097
Foreign National Direct Hire	811	379	380	380	1	0
Total Direct Hire	31,488	30,221	28,868	27,771	-1,353	-1,097
Foreign National Indirect Hire	1,027	1,302	1,302	1,300	0	-2
Total Civilians	32,515	31,523	30,170	29,071	-1,353	-1,099
<u>Active Military Workyears</u>						
Officer	24,742	24,519	24,282	23,691	-237	-591
Enlisted	51,719	50,167	50,524	49,891	357	-633
Total Military Workyears	76,461	74,686	74,806	73,582	120	-1,224
<u>Civilian Workyears</u>						
U.S. Direct Hire	29,986	30,401	28,996	27,658	-1,405	-1,338
Foreign National Direct Hire	682	378	371	368	-7	-3
Total Direct Hire	30,668	30,779	29,367	28,026	-1,412	-1,341
Foreign National Indirect Hire	1,067	1,290	1,274	1,272	-16	-2
Total Civilian Workyears	31,735	32,069	30,641	29,298	-1,428	-1,343
(Reimbursable Civilians Included Above - Memo)	546	656	522	512	-134	-10

1/ Included to show a unified medical program. Active military personnel funding and all end strengths, military and civilian, are retained by the individual Military Departments for purposes of budget formulation and execution in accordance with the DEPSECDEF memorandum, "Strengthening the Medical Functions of the Department of Defense," dated October 1, 1991.

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINE Direct Patient Care						
308 Travel of Persons	55694	1	2.20	1225	-5631	51289
399 Total travel	55694	1		1225	-5631	51289
401 DFSC Fuel	393	0	1.30	5	10	408
402 Service Fund Fuel	151	0	1.30	2	-125	28
411 Army Sup & Mat	16964	0	-6.00	-1018	-2670	13276
412 Navy Sup & Mat	28460	0	8.60	2448	-5275	25633
414 AF Sup & Mat	37	0	-1.20	0	42	79
415 DLA Sup & Mat	95431	0	-2.10	-2004	-19956	73471
416 GSA Sup & Mat	26926	0	2.20	592	-832	26686
417 Local Proc Sup & Mat	1071797	224	2.20	23584	-291559	804046
499 Total Sup & Mat	1240159	224		23609	-320365	943627
502 Army Fund Equipt	1923	0	-6.00	-115	-747	1061
503 Navy Fund Equipt	405	0	8.60	35	-296	144
505 AF Fund Equipt	54769	0	-1.20	-657	-15382	38730
506 DLA Fund Equipt	1750	0	-2.10	-37	317	2030
507 GSA Fund Equipt	5732	0	2.20	126	-1065	4793
599 Total Fund Equipt	64579	0		-648	-17173	46758
602 Army Depot Cmd Maint	0	0	6.90	0	0	0
611 Naval Surface War Ctr	35	0	-2.50	-1	6	40
615 Data Automat Ctr Navy	3	0	-7.30	0	0	3
620 Fleet Aux Ships Navy	0	0	2.20	0	0	0
630 Naval Rsch Lab	3	0	5.30	0	1	4
631 Naval Civil Engr Ctr	0	0	-6.50	0	0	0
633 Naval Pub & Pmt Svc	2715	0	9.40	255	1873	4843

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINE Direct Patient Care						
634 Nav Pub Wrks Ctr: Utilities	142	0	-0.30	0	-142	0
635 Nav Pub Wrks Ctr: Pub Wrks	11221	0	2.10	236	2445	13902
637 Naval Shipyards	11	0	14.50	2	-1	12
653 Airlift Svcs Trng & Ops	0	0	29.40	0	0	0
671 Communications Svc	95	0	-4.30	-4	-40	51
673 Def Finance & Acct Svc	0	0	11.40	0	0	0
679 Cost Reimbursible Svc	0	0	2.20	0	2	2
699 Total Purchases	14225	0		488	4144	18857
701 MAC Cargo	13	0	3.00	0	8	21
702 MAC SAAM	0	0	-0.50	0	52	52
711 MSC Cargo	0	0	11.20	0	0	0
721 MTMC Port Handling	0	0	-6.80	0	0	0
725 MTMC Other	0	0	7.80	0	0	0
771 Commercial Transportation	2019	3	2.20	44	216	2282
799 Total Transportation	2032	3		44	276	2355
9XX Civ Pay Reimburs Host	1220511	323	3.00	36625	-3002	1254457
901 Foreign Nat Ind Hire	32155	370	3.00	976	12007	45508
902 Separation Liability	19074	0	3.00	572	-6629	13017
912 Rental Pay to GSA	1342	0	2.20	30	839	2211
913 Purchased Utilities	316	0	2.20	7	-313	10
914 Purchased Communica	1358	1	2.20	30	-451	938
915 Rents non GSA	18009	64	2.20	398	3564	22035
917 Postal Svcs	301	0	2.50	8	-9	300
920 Supplies & Mat	259679	825	3.90	10160	-70597	200067
921 Printing & Reproduct	1609	0	2.20	35	96	1740

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1996</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1997</u> <u>Program</u>
LINE Direct Patient Care						
922 Equipmt Maint Contract	52728	36	2.20	1161	3202	57127
923 Facility Maint Contract	3752	0	2.20	83	-2983	852
925 Equipmt Purchases	135480	77	3.90	5287	-37052	103792
926 Overseas Purchases	1533	7	2.20	34	-484	1090
930 Other Depot Maint	0	0	2.20	0	10	10
931 Contract Consultants	394	0	2.20	9	290	693
932 Mgmt & Prof Spt Svc	282	0	2.20	6	-288	0
933 Studies Analysis Eval	0	0	2.20	0	0	0
934 Engineering Tech Svc	0	0	2.20	0	0	0
937 Fuel	226	0	2.20	5	-129	102
988 Grants	112	0	2.20	2	81	195
989 Other Contracts	280525	613	3.90	10964	375664	667766
998 Other Costs*	6046	0	3.90	236	4774	11056
999 Total Purchases	2035432	2316		66628	278590	2382966
9999 TOTAL	3412121	2544		91346	-60159	3445852

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
LINE Direct Patient Care						
308 Travel of Persons	51289	0	2.10	1077	37	52403
399 Total travel	51289	0		1077	37	52403
401 DFSC Fuel	408	0	19.70	80	-46	442
402 Service Fund Fuel	28	0	19.70	6	-3	31
411 Army Sup & Mat	13276	0	2.30	305	-885	12696
412 Navy Sup & Mat	25633	0	26.30	6741	681	33055
414 AF Sup & Mat	79	0	19.30	15	-15	79
415 DLA Sup & Mat	73471	0	1.60	1176	-3316	71331
416 GSA Sup & Mat	26686	0	2.10	560	1027	28273
417 Local Proc Sup & Mat	804046	224	2.10	16890	-44248	776912
499 Total Sup & Mat	943627	224		25773	-46805	922819
502 Army Fund Equipt	1061	0	2.30	24	-88	997
503 Navy Fund Equipt	144	0	26.30	38	-7	175
505 AF Fund Equipt	38730	0	19.30	7475	-7475	38730
506 DLA Fund Equipt	2030	0	1.60	32	103	2165
507 GSA Fund Equipt	4793	0	2.10	101	45	4939
599 Total Fund Equipt	46758	0		7670	-7422	47006
602 Army Depot Cmd Maint	0	0	4.00	0	0	0
611 Naval Surface War Ctr	40	0	12.20	5	-2	43
615 Data Automat Ctr Navy	3	0	6.80	0	1	4
620 Fleet Aux Ships Navy	0	0	2.10	0	0	0
630 Naval Rsch Lab	4	0	-2.00	0	0	4
631 Naval Civil Engrn Ctr	0	0	2.10	0	0	0
633 Naval Pub & Pmt Svc	4843	0	-4.00	-194	533	5182

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
LINE Direct Patient Care						
634 Nav Pub Wrks Ctr: Utilities	0	0	-1.00	0	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	13902	0	0.30	42	5728	19672
637 Naval Shipyards	12	0	19.60	2	0	14
653 Airlift Svcs Trng & Ops	0	0	19.80	0	0	0
671 Communications Svc	51	0	-11.00	-6	8	53
673 Def Finance & Acct Svc	0	0	-12.60	0	0	0
679 Cost Reimbursible Svc	2	0	2.10	0	0	2
699 Total Purchases	18857	0		-151	6268	24974
701 MAC Cargo	21	0	5.00	1	4	26
702 MAC SAAM	52	0	17.80	9	-9	52
711 MSC Cargo	0	0	9.30	0	0	0
721 MTMC Port Handling	0	0	5.70	0	0	0
725 MTMC Other	0	0	-7.90	0	0	0
771 Commercial Transportation	2282	0	2.10	48	24	2354
799 Total Transportation	2355	0		58	19	2432
9XX Civ Pay Reimburs Host	1254457	51	2.85	35753	-58824	1231437
901 Foreign Nat Ind Hire	45508	0	2.85	1297	-736	46069
902 Separation Liability	13017	0	2.85	371	-3046	10342
912 Rental Pay to GSA	2211	0	0.00	0	50	2261
913 Purchased Utilities	10	0	2.10	0	1	11
914 Purchased Communica	938	0	2.10	20	5	963
915 Rents non GSA	22035	0	2.10	463	1666	24164
917 Postal Svcs	300	0	0.00	0	3	303
920 Supplies & Mat	200067	150	4.20	8409	39254	247880
921 Printing & Reproduct	1740	0	2.10	37	50	1827

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1997</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1998</u> <u>Program</u>
LINE Direct Patient Care						
922 Equipt Maint Contract	57127	42	2.10	1201	5356	63726
923 Facility Maint Contract	852	0	2.10	18	25	895
925 Equipt Purchases	103792	33	4.20	4361	3950	112136
926 Overseas Purchases	1090	0	2.10	23	63	1176
930 Other Depot Maint	10	0	2.10	0	1	11
931 Contract Consultants	693	0	2.10	15	60	768
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0	0
933 Studies Analysis Eval	0	0	2.10	0	0	0
934 Engineering Tech Svc	0	0	2.10	0	0	0
937 Fuel	102	0	2.10	2	5	109
988 Grants	195	0	2.10	4	0	199
989 Other Contracts	667766	101	4.20	28050	-82222	613695
998 Other Costs*	11056	0	4.20	464	436	11956
999 Total Purchases	2382966	377		80488	-93903	2369928
9999 TOTAL	3445852	601		114915	-141806	3419562

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE Direct Patient Care						
308 Travel of Persons	52403	0	2.10	1100	-1607	51896
399 Total travel	52403	0		1100	-1607	51896
401 DFSC Fuel	442	0	-4.40	-19	42	465
402 Service Fund Fuel	31	0	-4.40	-1	4	34
411 Army Sup & Mat	12696	0	2.20	279	-1079	11896
412 Navy Sup & Mat	33055	0	-3.00	-992	2324	34387
414 AF Sup & Mat	79	0	0.00	0	-2	77
415 DLA Sup & Mat	71331	0	-1.00	-713	7854	78472
416 GSA Sup & Mat	28273	0	2.10	594	649	29516
417 Local Proc Sup & Mat	776912	365	2.10	16323	6401	800001
499 Total Sup & Mat	922819	365		15471	16193	954848
502 Army Fund Equipt	997	0	2.20	22	-81	938
503 Navy Fund Equipt	175	0	-3.00	-5	10	180
505 AF Fund Equipt	38730	0	0.00	0	2632	41362
506 DLA Fund Equipt	2165	0	-1.00	-22	-54	2089
507 GSA Fund Equipt	4939	0	2.10	104	11	5054
599 Total Fund Equipt	47006	0		99	2518	49623
602 Army Depot Cmd Maint	0	0	0.50	0	0	0
611 Naval Surface War Ctr	43	0	-0.70	0	-2	41
615 Data Automat Ctr Navy	4	0	2.60	0	-1	3
620 Fleet Aux Ships Navy	0	0	2.10	0	0	0
630 Naval Rsch Lab	4	0	12.10	0	0	4
631 Naval Civil Engrnr Ctr	0	0	2.70	0	0	0
633 Naval Pub & Pmt Svc	5182	0	2.70	140	277	5599

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE Direct Patient Care						
634 Nav Pub Wrks Ctr: Utilities	0	0	-3.00	0	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	19672	0	0.20	39	984	20695
637 Naval Shipyards	14	0	-10.80	-2	1	13
653 Airlift Svcs Trng & Ops	0	0	-2.50	0	0	0
671 Communications Svc	53	0	-12.30	-7	4	50
673 Def Finance & Acct Svc	0	0	-0.10	0	0	0
679 Cost Reimbursible Svc	2	0	2.10	0	0	2
699 Total Purchases	24974	0		170	1263	26407
701 MAC Cargo	26	0	5.00	1	-4	23
702 MAC SAAM	52	0	-1.50	-1	0	51
711 MSC Cargo	0	0	4.80	0	0	0
721 MTMC Port Handling	0	0	-1.20	0	0	0
725 MTMC Other	0	0	-0.30	0	0	0
771 Commercial Transportation	2354	0	2.10	49	-13	2390
799 Total Transportation	2432	0		49	-17	2464
9XX Civ Pay Reimburs Host	1231437	252	2.20	27097	-59355	1199431
901 Foreign Nat Ind Hire	46069	0	2.20	1014	-142	46941
902 Separation Liability	10342	0	2.20	228	173	10743
912 Rental Pay to GSA	2261	0	0.00	0	50	2311
913 Purchased Utilities	11	0	2.10	0	-1	10
914 Purchased Communica	963	0	2.10	20	-3	980
915 Rents non GSA	24164	0	2.10	507	337	25008
917 Postal Svcs	303	0	0.00	0	-1	302
920 Supplies & Mat	247880	895	4.20	10449	5092	264316
921 Printing & Reproduct	1827	0	2.10	38	1967	3832

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
Direct Patient Care						
922	63726	765	2.10	1354	-412	65433
923	895	0	2.10	19	-11	903
925	112136	435	4.20	4728	-18912	98387
926	1176	0	2.10	25	-40	1161
930	11	0	2.10	0	0	11
931	768	0	2.10	16	-37	747
932	0	0	2.10	0	0	0
933	0	0	2.10	0	0	0
934	0	0	2.10	0	0	0
937	109	0	2.10	2	3	114
988	199	0	2.10	4	0	203
989	613695	396	4.20	25792	-151116	488767
998	11956	0	4.20	502	191	12649
999	2369928	2743		71795	-222217	2222249
9999	3419562	3108		88684	-203867	3307487
TOTAL						

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Detail By Sub-Activity Group: **Patient Care Support**

I. Description of Operations Financed: This Sub-Activity Group comprises nine functions which support delivery of patient care worldwide: Other Health Activities, Management Headquarters, Military Public/Occupational Health, Veterinary Services, Examining Activities, Defense Medical Programs Activity (DMPA), Military Unique Other Medical Activities, Aeromedical Evacuation System, and Armed Forces Institute of Pathology (AFIP).

II. Force Structure Summary: **Other Health Activities** includes management headquarters for Regional Lead Agents, central medical laboratories, medical service squadrons, Air Medical Department Field Procurement Offices, Health Services Data Systems Agency, Navy Healthcare Support Offices, and public affairs. **Management Headquarters** includes costs of operating HQ, U.S. Army Medical Command, Army Medical Materiel Agency, Navy Bureau of Medicine and Surgery, and the Defense Medical Facilities Office. **Military Public/Occupational Health** includes *public health* activities such as medical epidemiology and entomology, drinking water safety, monitoring hazardous waste disposal, food/facility sanitation, health promotion, community health nursing, medical intelligence, and *occupational health* activities such as assessment of workplace health hazards, employee health surveys, tracking exposure to physical, chemical, and biological stresses, development of preventive measures, epidemiological studies of occupational diseases, health hazard assessment of new materiel/weapons systems, and medical support to nuclear/biological/chemical surety programs. **Veterinary Services** supports the worldwide DoD veterinary mission and provides support to other specified federal agencies through activities such as care for government owned animals, clinical investigation support, control of zoonotic diseases, and wholesale food inspection. **Examining Activities** provides physical examinations and evaluations of medical suitability for individuals processed for accession to Active and Reserve Components through Military Entrance Processing Stations (MEPS) and DoD Medical Evaluation Review Board (DoDMERB). **Defense Medical Programs Activity (DMPA)** provides centralized DoD management of automated data processing technology to improve the effectiveness and efficiency of health care operations in the Military Departments and consolidates the planning, programming and budgeting for the Defense Health Program and military medical facility construction projects. **Military Unique Requirements - Other Medical** includes a host of activities related to the size of military population, such as physiological training units, Defense Medical Standardization Board, drug abuse detection laboratories, Military Blood Program Agency, optical repair/fabrication laboratories, USAF Armstrong Laboratory, health facilities offices, medical logistics/support offices, Medical Wartime Hospital Integration Office, Army Medical Materiel Activities, plans/operations/training, and Navy Medical Logistics Command.

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

II. Force Structure Summary (continued):

Aeromedical Evacuation (AE) includes costs of the aeromedical evacuation system incurred by Joint and Armed Services Medical Regulating Offices, Aeromedical Evacuation and Tanker Airlift Control Centers, AE squadrons and detachments, and aeromedical staging facilities. **Armed Forces Institute of Pathology (AFIP)** is the chief reviewing authority on diagnosis of pathologic tissue for the Armed Services; conducts experimental, statistical and morphological investigation; operates Armed Forces Medical Examiner System and DoD DNA Registry; and administers DoD drug testing quality control/proficiency testing and Clinical Laboratory Improvement programs.

III. Financial Summary (O&M \$ in thousands):

A. Sub-Activity Group: Patient Care Support

	FY 1996			FY 1997			FY 1998		FY 1999	
	Actuals	Budget Request	Appropriation	Current Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Other Health Activities	\$348,352	\$325,927	325,927	325,927	328,640	339,388				
Management Headquarters	54,144	25,637	35,930	35,930	36,802	38,046				
Military Public/Occupational Health	186,230	144,047	163,233	163,233	171,058	202,419				
Veterinary Activities	14,135	11,713	11,713	11,713	12,524	12,752				
Examining Activities	26,485	28,924	28,924	28,924	29,101	30,471				
Defense Med Program Activity (DMPA)	444,569	190,077	314,410	314,410	327,800	338,800				
Military Unique Other Medical Activities	163,352	97,215	182,932	197,232	154,952	158,388				
Aeromedical Evacuation	78,309	81,711	74,861	74,861	79,721	81,071				
Armed Forces Institute of Pathology (AFIP)	41,928	37,982	37,982	37,982	38,724	39,751				
Total	\$1,357,504	\$943,233	\$1,175,912	\$1,190,212	\$1,179,322	\$1,241,086				

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

III. Financial Summary (Continued--O&M \$ in thousands):

B. Reconciliation Summary: Patient Care Support

Baseline Funding	Change FY 1997/1997	Change FY 1998/1999
Congressional Adjustments	\$943,233	\$1,179,322
Reprogrammings/Transfers	+232,679	
Price Change	+14,300	
Functional Transfers		+33,796
Program Changes		+27,968
Current Estimate	\$1,190,212	\$1,241,086

C. OP-32 Line Item: See Exhibit OP-32

D. Reconciliation of Increases and Decreases: Patient Care Support

1. FY 1997 President Budget's Request	\$943,233
2. Congressional Adjustments	
Programmatic Increase	
Red Cross	+196,779
Gulf War	+14,500
Telemedicine	+3,400
Disaster Management	+15,000
Brown Tree Snakes	+2,000
	+1,000
Total Congressional Adjustments	+232,679

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases: Patient Care Support (Continued)

3. FY 1997 Appropriated		\$1,175,912
4. Reprogrammings/Transfers		
Hepatitis A	+20,000	
Contingency Operations	-5,700	
Total Reprogrammings/Transfers		+14,300
5. Program Increases		
c. Management Headquarters	+6,850	
	Corrects and consolidates management headquarters costs that were budgeted in various other program elements based on Component practice to provide a more accurate picture of DHP management headquarters functions.	
Total Program Increases		+6,850
6. Program Decreases		
a. Aeromedical Evacuation	-6,850	
	Reduction of 2,182 flying hours and associated contract logistic support due to DoD IG review of the peacetime and wartime mission of C-9A aircraft.	

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases: Patient Care Support (Continued)

Total Program Decreases	-6,850
7. FY 1997 Current Estimate	\$1,190,212
6. Price Growth	+\$45,727
7. Functional Transfers	
Transfer the Joint Health Care Management Engineering Team (JHMET) from the Air Force to the Defense Health Program.	+469
Transfer Family Advocacy Program case management functions from Naval Hospitals to the Family Service Centers / Family Advocacy Centers operating under the DoD Education Activities.	-2,467
Transfers Navy Alcohol Rehabilitation Centers and alcohol functions of the Detachment Drug Alcohol Program Management Activity (DAPMA) program from Navy BUPERS to the DHP.	+4,488
Transfers responsibility and resources for Counseling Assistance Centers, now operating under Navy line commanders, to the DHP	+1,522
TRACES2 - Patient Evacuation Automation Support	+1,800
Total Functional Transfers	+\$5,812

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

8. Program Increases		
a. Military Public and Occupation Health	<p>Funds Air Force occupational health special studies and demonstration projects. This initiative addresses an increased level of effort for illness identification, ergonomics and hearing conservation as well as special studies to document savings accrued by expanded occupational health programs. The studies will provide a basis for obtaining financial support for expanded occupational health programs from line Air Force.</p>	+4,971
b. Military Unique Requirements	<p>Frames of Choice Program (Navy). Provides eye glass frames to active duty personnel consistent with civilian sector optical industry standards and in support of the Chief of Naval Operation's (CNO) goal for improved quality of life</p>	+1,764
	<p>Drop in Child Care (Navy). Provides drop-in child care services within the Medical Treatment Facility (MTF), or in close proximity to the MTF, for Active Duty families during medical appointments.</p>	+1,922

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Omnibus Preventive Care Program (Navy). Implements the "Put Prevention into Practice" (PPIP) health promotion program which ensures clinical preventive services are delivered and reinforces the patient's responsibility to maintain a healthy lifestyle. Funding supports individual health risk assessments, PPIP requirements (screening, counseling, intervention, tracking and monitoring effectiveness of clinical services); and self-care/demand reduction.	+4,321
Surface Warfare Institute of Medicine (Navy). Provides professional and technical support and consultative services for Surface and Fleet Marine Force (FMF) Units concerning medical matters worldwide as well as operational readiness training for Surface and FMF forces.	+282
Contingency Operations	+1,429
c. Aeromedical Evacuation - Patient Movement Equipment.	+6,968
Upgrades and standardizes patient movement equipment to allow patients to be moved out of theater under a 15-day evacuation policy as prescribed in the Defense Planning Guidance.	
d. Defense Medical Program Activity (DMPA)	
Business Process Review	+1,091
Total Program Increases	+22,748

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

9. Program Decreases

a. Reverse FY 1997 One-Time Congressional Increases	-37,279
Red Cross	-15,057
Gulf War	-3,531
Telemedicine	-15,576
Disaster Management	-2,077
Brown Tree Snakes	-1,038
b. Military Unique Other Medical Activities	-27,300
Hepatitis "A" and Varicella Vaccine. Decrease reflects FY1997 one-time costs associated with the initial immunization program.	
c. Aeromedical Evacuation	-4,426
Reduction of 1,882 flying hours and associated contract logistics support due to reassessment of the peacetime and wartime mission of C-9A aircraft.	
d. Management Headquarters.	-350
Decrease represents a 1% reduction in management headquarters functions.	

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

e. Other Health Activities, Military Public/Occupational Health,
Military Unique Other Medical Activities -15,822

Decrease reflects the reduced level of effort associated with decreases
in the population supported due to force structure downsizing

Total Program Decreases

-85,177

10. FY 1998 Budget Request

\$1,179,322

11. Price Growth

+33,796

12. Program Increases

a. Military Public and Occupational Health

Total Force Preventive Medicine: Pre/Post Deployment Initiative.
Monitors personnel health (physical exams, lab tests, medical
histories, etc.) of USAF personnel before, during and after
deployment to meet tasking for global surveillance of communicable
diseases (Air Force). +12,000

Epidemiological Support. Provides disease surveillance,
health threat assessments, and disease outbreak investigations.

+16,969

Total Program Increases

+28,969

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

13. Program Decreases

- a. Other Health Activities, Military Public/Occupational Health,
Military Unique Other Medical Activities -1,001

Decrease reflects the reduced level of effort associated with decreases
in the population supported due to force structure downsizing

Total Program Decreases

-1,001

14. FY 1999 Budget Request

\$1,241,086

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

IV. Performance Criteria and Evaluation Summary:

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Change FY97/FY98</u>	<u>Change FY98/FY99</u>
<u>Active Duty Population - World Wide</u>	1,642,456	1,611,823	1,590,196	1,579,765	-21,627	-10,431
<u>Veterinary Activities</u>						
Veterinary lab procedures	201	215	215	215	0	0
Pounds of food inspected (millions)	1,559	1,550	1,325	1,258	-225	-67
<u>Examining Activities</u>						
MEPS and DoDMERB Workload (thousands of medical exams)	427	459	446	453	-13	+7
<u>Military Unique Other Medical Activities</u>						
Spectacles/Inserts fabricated (thousands of pairs)	938	888	877	853	-11	-24
<u>Aeromedical Evacuation</u>						
Air Force Flying Hours	22,967	20,796	18,914	18,914	-1,882	0
Army Flying Hours	3,000	3,000	3,000	3,000	0	0

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

V. Personnel Summary 1/

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Change FY97/FY98</u>	<u>Change FY98/FY99</u>
<u>Active Military End Strength /1</u>						
Officer	3,209	3,209	3,164	3,173	-45	9
Enlisted	<u>7,312</u>	<u>7,656</u>	<u>7,402</u>	<u>7,423</u>	<u>-254</u>	<u>21</u>
Total Military	10,521	10,865	10,566	10,596	-299	30
<u>Civilian End Strength /1</u>						
U.S. Direct Hire	6,926	6,654	6,425	6,289	-229	-136
Foreign National Direct Hire	<u>102</u>	<u>91</u>	<u>90</u>	<u>90</u>	<u>-1</u>	<u>0</u>
Total Direct Hire	7,028	6,745	6,515	6,379	-230	-136
Foreign National Indirect Hire	<u>389</u>	<u>393</u>	<u>391</u>	<u>391</u>	<u>-2</u>	<u>0</u>
Total Civilians	7,417	7,138	6,906	6,770	-232	-136
<u>Active Military Workyears</u>						
Officer	3,124	3,209	3,187	3,169	-22	-18
Enlisted	<u>7,111</u>	<u>7,484</u>	<u>7,529</u>	<u>7,413</u>	<u>45</u>	<u>-116</u>
Total Military Workyears	10,235	10,693	10,716	10,582	23	-134
<u>Civilian Workyears</u>						
U.S. Direct Hire	6,908	6,618	6,433	6,195	-185	-238
Foreign National Direct Hire	<u>127</u>	<u>91</u>	<u>90</u>	<u>90</u>	<u>-1</u>	<u>0</u>
Total Direct Hire	7,035	6,709	6,523	6,285	-186	-238
Foreign National Indirect Hire	<u>375</u>	<u>407</u>	<u>398</u>	<u>397</u>	<u>-9</u>	<u>-1</u>
Total Civilian Workyears	7,410	7,116	6,921	6,682	-195	-239

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
Patient Care Support						
308	Travel of Persons	3	2.20	888	145	41410
399	Total Travel	3		888	145	41410
DFSC Fuel						
401	DFSC Fuel	0	1.30	213	-379	16252
402	Service Fund Fuel	0	1.30	2	-80	44
411	Army Sup & Mat	0	-6.00	-499	6121	13934
412	Navy Sup & Mat	0	8.60	173	-969	1220
414	AF Sup & Mat	0	-1.20	-4	85	413
415	DLA Sup & Mat	0	-2.10	-161	-2854	4631
416	GSA Sup & Mat	0	2.20	160	-1510	5900
417	Local Proc Sup & Mat	0	2.20	825	24488	62830
499	Total Sup & Mat	0		709	24902	105224
Army Fund Equipt						
502	Army Fund Equipt	0	-6.00	-108	385	2069
503	Navy Fund Equipt	0	8.60	5	2	60
505	AF Fund Equipt	0	-1.20	-73	-1960	4087
506	DLA Fund Equipt	0	-2.10	-5	316	537
507	GSA Fund Equipt	0	2.20	38	-338	1419
599	Total Fund Equipt	0		-143	-1595	8172
Army Depot Cmd Maint						
602	Army Depot Cmd Maint	5	6.90	0	-5	0
611	Naval Surface War Ctr	0	-2.50	0	0	0
615	Data Automat Ctr Navy	13	-7.30	-1	0	12
620	Fleet Aux Ships Navy	0	2.20	0	0	0
630	Naval Rsch Lab	0	5.30	0	0	0
631	Naval Civil Engr Ctr	0	-6.50	0	0	0
633	Naval Pub & Pmt Svc	0	9.40	344	-739	3264

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
Patient Care Support						
634 Nav Pub Wrks Ctr: Utilities	0	0	-0.30	0	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	58	0	2.10	1	1	60
637 Naval Shipyards	9	0	14.50	1	0	10
653 Airlift Svcs Trng & Ops	17953	0	29.40	5278	-6039	17192
671 Communications Svc	130	0	-4.30	-6	-114	10
673 Def Finance & Acct Svc	0	0	11.40	0	0	0
679 Cost Reimbursible Svc	0	0	2.20	0	0	0
699 Total Purchases	21827	0		5617	-6896	20548
MAC Cargo						
701 MAC Cargo	0	0	3.00	0	0	0
702 MAC SAAM	238	0	-0.50	-1	-16	221
711 MSC Cargo	0	0	11.20	0	0	0
721 MTMC Port Handling	0	0	-6.80	0	0	0
725 MTMC Other	86	0	7.80	7	-93	0
771 Commercial Transportation	2317	0	2.20	51	-1040	1328
799 Total Transportation	2641	0		57	-1149	1549
Civ Pay Reimburs Host						
901 Foreign Nat Ind Hire	288056	-21	3.00	8641	-14560	282116
902 Separation Liability	11872	211	3.00	362	2420	14865
912 Rental Pay to GSA	4447	0	3.00	133	-1888	2692
913 Purchased Utilities	4603	0	2.20	101	-1034	3670
914 Purchased Communica	129	0	2.20	3	0	132
915 Rents non GSA	9458	0	2.20	208	453	10119
917 Postal Svcs	2166	-1	2.20	48	-435	1778
920 Supplies & Mat	384	0	2.50	10	-127	267
921 Printing & Reproduct	63470	12	2.20	1397	-32380	32499
	2869	0	2.20	63	-325	2607

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1996</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1997</u> <u>Program</u>
LINE Patient Care Support						
922 Equipt Maint Contract	25002	2	2.20	550	-4957	20597
923 Facility Maint Contract	643	0	2.20	14	-569	88
925 Equipt Purchases	43658	0	2.20	960	-20538	24080
926 Overseas Purchases	24	0	2.20	1	-1	24
930 Other Depot Maint	29130	0	2.20	641	-1274	28497
931 Contract Consultants	6	0	2.20	0	0	6
932 Mgmt & Prof Spt Svc	8470	0	2.20	186	-1540	7116
933 Studies Analysis Eval	11874	0	2.20	261	9169	21304
934 Engineering Tech Svc	7	0	2.20	0	-7	0
937 Fuel	46	0	2.20	1	11	58
988 Grants	858	0	2.20	19	-397	480
989 Other Contracts	690058	12	3.90	26913	-158409	558574
998 Other Costs*	5909	0	2.20	130	-4299	1740
999 Total Purchases	1203139	215		40642	-230687	1013309
9999 TOTAL	1357504	218		47770	-215280	1190212

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
LINE Patient Care Support						
308 Travel of Persons	41410	0	2.10	870	-284	41996
399 Total Travel	41410	0		870	-284	41996
401 DFSC Fuel	16252	0	19.70	3202	-2744	16710
402 Service Fund Fuel	44	0	19.70	9	-6	47
411 Army Sup & Mat	13934	0	2.30	320	-1156	13098
412 Navy Sup & Mat	1220	0	26.30	321	-242	1299
414 AF Sup & Mat	413	0	19.30	80	-85	408
415 DLA Sup & Mat	4631	0	1.60	74	-1244	3461
416 GSA Sup & Mat	5900	0	2.10	124	13	6037
417 Local Proc Sup & Mat	62830	0	2.10	1319	1412	65561
499 Total Sup & Mat	105224	0		5449	-4052	106621
502 Army Fund Equipt	2069	0	2.30	48	-172	1945
503 Navy Fund Equipt	60	0	26.30	16	-28	48
505 AF Fund Equipt	4087	0	19.30	789	6123	10999
506 DLA Fund Equipt	537	0	1.60	9	-25	521
507 GSA Fund Equipt	1419	0	2.10	30	-70	1379
599 Total Fund Equipt	8172	0		892	5828	14892
602 Army Depot Cmd Maint	0	0	4.00	0	0	0
611 Naval Surface War Ctr	0	0	12.20	0	0	0
615 Data Automat Ctr Navy	12	0	6.80	1	-2	11
620 Fleet Aux Ships Navy	0	0	2.10	0	0	0
630 Naval Rsch Lab	0	0	-2.00	0	0	0
631 Naval Civil Engrnr Ctr	0	0	2.10	0	0	0
633 Naval Pub & Pmt Svc	3264	0	-4.00	-131	468	3601

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
LINE Patient Care Support						
634 Nav Pub Wrks Ctr: Utilities	0	0	-1.00	0	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	60	0	0.30	0	-28	32
637 Naval Shipyards	10	0	19.60	2	-2	10
653 Airlift Svcs Trng & Ops	17192	0	19.80	3404	-3009	17587
671 Communications Svc	10	0	-11.00	-1	0	9
673 Def Finance & Acct Svc	0	0	-12.60	0	0	0
679 Cost Reimbursible Svc	0	0	2.10	0	0	0
699 Total Purchases	20548	0		3275	-2573	21250
701 MAC Cargo	0	0	5.00	0	0	0
702 MAC SAAM	221	0	17.80	39	-40	220
711 MSC Cargo	0	0	9.30	0	0	0
721 MTMC Port Handling	0	0	5.70	0	0	0
725 MTMC Other	0	0	-7.90	0	0	0
771 Commercial Transportation	1328	0	2.10	28	2	1358
799 Total Transportation	1549	0		67	-38	1578
9XX Civ Pay Reimburs Host	282116	0	2.85	8040	-9069	281087
901 Foreign Nat Ind Hire	14865	0	2.85	424	-382	14907
902 Separation Liability	2692	0	2.85	77	-436	2333
912 Rental Pay to GSA	3670	0	0.00	0	138	3808
913 Purchased Utilities	132	0	2.10	3	0	135
914 Purchased Communica	10119	0	2.10	212	121	10452
915 Rents non GSA	1778	0	2.10	37	8	1823
917 Postal Svcs	267	0	0.00	0	5	272
920 Supplies & Mat	32499	0	2.10	682	2205	35386
921 Printing & Reproduct	2607	0	2.10	55	16	2678

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1997</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1998</u> <u>Program</u>
LINE Patient Care Support						
922 Equipt Maint Contract	20597	0	2.10	433	2818	23848
923 Facility Maint Contract	88	0	2.10	2	0	90
925 Equipt Purchases	24080	0	2.10	506	1017	25603
926 Overseas Purchases	24	0	2.10	1	0	25
930 Other Depot Maint	28497	0	2.10	598	-2735	26360
931 Contract Consultants	6	0	2.10	0	0	6
932 Mgmt & Prof Spt Svc	7116	0	2.10	149	15	7280
933 Studies Analysis Eval	21304	0	2.10	447	3204	24955
934 Engineering Tech Svc	0	0	2.10	0	0	0
937 Fuel	58	0	2.10	1	0	59
988 Grants	480	0	2.10	10	1	491
989 Other Contracts	558574	0	4.20	23460	-52485	529549
998 Other Costs*	1740	0	2.10	37	61	1838
999 Total Purchases	1013309	0		35174	-55498	992985
9999 TOTAL	1190212	0		45727	-56617	1179322

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE Patient Care Support						
308 Travel of Persons	41996	0	2.10	882	-779	42099
399 Total Travel	41996	0		882	-779	42099
401 DFSC Fuel	16710	0	-4.40	-735	211	16186
402 Service Fund Fuel	47	0	-4.40	-2	3	48
411 Army Sup & Mat	13098	0	2.20	288	-1074	12312
412 Navy Sup & Mat	1299	0	-3.00	-39	151	1411
414 AF Sup & Mat	408	0	0.00	0	-5	403
415 DLA Sup & Mat	3461	0	-1.00	-35	-35	3391
416 GSA Sup & Mat	6037	0	2.10	127	8	6172
417 Local Proc Sup & Mat	65561	0	2.10	1377	13897	80835
499 Total Sup & Mat	106621	0		981	13156	120758
502 Army Fund Equipt	1945	0	2.20	43	-161	1827
503 Navy Fund Equipt	48	0	-3.00	-1	5	52
505 AF Fund Equipt	10999	0	0.00	0	-132	10867
506 DLA Fund Equipt	521	0	-1.00	-5	-6	510
507 GSA Fund Equipt	1379	0	2.10	29	1	1409
599 Total Fund Equipt	14892	0		66	-293	14665
602 Army Depot Cmd Maint	0	0	0.50	0	0	0
611 Naval Surface War Ctr	0	0	-0.70	0	0	0
615 Data Automat Ctr Navy	11	0	2.60	0	-1	10
620 Fleet Aux Ships Navy	0	0	2.10	0	0	0
630 Naval Rsch Lab	0	0	12.10	0	0	0
631 Naval Civil Engnr Ctr	0	0	2.70	0	0	0
633 Naval Pub & Prnt Svc	3601	0	2.70	97	367	4065

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
Patient Care Support						
634 Nav Pub Wrks Ctr: Utilities	0	0	-3.00	0	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	32	0	0.20	0	1	33
637 Naval Shipyards	10	0	-10.80	-1	2	11
653 Airlift Svcs Trng & Ops	17587	0	-2.50	-440	827	17974
671 Communications Svc	9	0	-12.30	-1	0	8
673 Def Finance & Acct Svc	0	0	-0.10	0	0	0
679 Cost Reimbursible Svc	0	0	2.10	0	0	0
699 Total Purchases	21250	0		-345	1196	22101
MAC Cargo						
701 MAC Cargo	0	0	5.00	0	0	0
702 MAC SAAM	220	0	-1.50	-3	2	219
711 MSC Cargo	0	0	4.80	0	0	0
721 MTMC Port Handling	0	0	-1.20	0	0	0
725 MTMC Other	0	0	-0.30	0	0	0
771 Commercial Transportation	1358	0	2.10	29	1	1388
799 Total Transportation	1578	0		26	3	1607
Civ Pay Reimburs Host						
9XX Civ Pay Reimburs Host	281087	0	2.20	6184	-11263	276008
901 Foreign Nat Ind Hire	14907	0	2.20	328	-59	15176
902 Separation Liability	2333	0	2.20	51	58	2442
912 Rental Pay to GSA	3808	0	0.00	0	141	3949
913 Purchased Utilities	135	0	2.10	3	10	148
914 Purchased Communica	10452	0	2.10	219	-133	10538
915 Rents non GSA	1823	0	2.10	38	7	1868
917 Postal Svcs	272	0	0.00	0	7	279
920 Supplies & Mat	35386	0	2.10	743	1923	38052
921 Printing & Reproduct	2678	0	2.10	56	24	2758

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1998</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1999</u> <u>Program</u>
LINE Patient Care Support						
922 Equipt Maint Contract	23848	0	2.10	501	-7180	17169
923 Facility Maint Contract	90	0	2.10	2	0	92
925 Equipt Purchases	25603	0	2.10	538	249	26390
926 Overseas Purchases	25	0	2.10	1	0	26
930 Other Depot Maint	26360	0	2.10	554	644	27558
931 Contract Consultants	6	0	2.10	0	0	6
932 Mgmt & Prof Spt Svc	7280	0	2.10	153	7	7440
933 Studies Analysis Eval	24955	0	2.10	524	4113	29592
934 Engineering Tech Svc	0	0	2.10	0	0	0
937 Fuel	59	0	2.10	1	0	60
988 Grants	491	0	2.10	10	1	502
989 Other Contracts	529549	0	4.20	22241	26126	577916
998 Other Costs*	1838	0	2.10	39	10	1887
999 Total Purchases	992985	0		32186	14685	1039856
9999 TOTAL	1179322	0		33796	27968	1241086

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Detail By Sub-Activity Group: Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) Program

I. Description of Operations Financed: The Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) is a worldwide health care cost-sharing program covering approximately 5.3 million eligible beneficiaries. The TRICARE Support Office (TSO), located in Aurora, Colorado, is responsible for the overall management and supervision of this program. In 1993, the Department began the transition to the managed care concept of integrating the CHAMPUS standard benefits program with the military medical treatment facilities on a regional basis as part of its managed care initiative, TRICARE. The majority of the standard CHAMPUS program requirements in this sub-activity group will gradually be absorbed into the Managed Care Support (MCS) contracts sub-activity group as the regional contracts are implemented. This sub-activity group includes the benefits required for those beneficiaries not covered by the Managed Care Support Contracts sub-activity group plus the pipeline benefits costs incurred during the transition period from standard CHAMPUS benefits coverage to Managed Care Support. It also includes the Continuing Health Education/ Capitalization of Assets programs, the Family Member Dental program, the Fiscal Intermediary claims processing costs, Mail Order Pharmacy Program, Investigational Demonstrations (Breast Cancer) and Base Realignment and Closure (BRAC) related Medicare Pharmacy requirements.

II. Force Structure Summary: The CHAMPUS program provides for the worldwide health care of eligible active duty dependents, retired members and their dependents, and surviving dependents of deceased active duty from civilian health care facilities. CHAMPUS also includes care received by beneficiaries of the Veterans Administration, the Department of Health and Human Services, U.S. Coast Guard, and the National Oceanographic and Atmospheric Administration on a reimbursable basis. This sub-activity group funds the costs of the standard CHAMPUS benefits program requirements and claims processing costs. This program's funding profile will decline as the MCS contracts are implemented and funds are realigned from this sub-activity to the MCS contracts sub-activity.

III. Financial Summary (O&M \$ in thousands):

A. Sub-Activity Group

	FY 1996 Actuals	FY 1997			FY 1999 Estimate
		Budget Request	Appropriation	Current Estimate	
CHAMPUS Program (Standard Benefits)	2,026,225	1,048,700	1,048,700	1,630,600	393,424

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

B. Reconciliation Summary - Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) Program

	<u>Change FY 1997/1997</u>	<u>Change FY 1996/1997</u>	<u>Change FY 1998/1999</u>
Baseline Funding	1,048,700	1,630,600	735,120
Congressional Adjustments	0	0	0
Supplemental Request	0	0	0
Price Change	0	68,485	30,875
Functional Transfers	0	0	0
Program Changes	581,900	-963,965	-372,571
Current Estimate	1,630,600	735,120	393,424

C. OP-32 Line Item (See Exhibit OP-32)

D. Reconciliation of Increases and Decreases

	(Dollars in Thousands)
1. FY 1997 President's Budget Request	\$1,048,700
2. FY 1997 Appropriated Amount	\$1,048,700
3. Program Increases	\$631,400
a. Standard CHAMPUS Benefits	500,600

In the original budget request, all Managed Care Support (MCS) contracts were projected to start by FY 97. Currently, Regions 7/8 contract is estimated to start in mid FY 97. The last two contracts are

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (continued)

(Dollars in Thousands)

now projected to start in the first quarter of FY98. This increase reflects the standard CHAMPUS benefits required until these contracts are implemented. The MCS contracts requirements are adjusted downward in FY97 to reflect the contracts' slippage.

b. Related Benefits Requirements 130,800

The Continuing Health Education/Capitalization of Assets Program and the Fiscal Intermediary claims processing requirements associated with the standard CHAMPUS benefits increase accordingly. Again, MCS contract requirements are reduced to reflect this program realignment.

4. Program Decreases

\$-49,500

a. Family Member Dental Program

-5,100

Program requirements are adjusted for the projected beneficiary enrollment for FY97 based on the FY96 actual enrollment.

b. Revised Pipeline Requirements

-44,400

The original budget request included pipeline requirements for the last two contracts which were scheduled to start in FY97. These requirements have now been deferred to FY98. Region 7/8 contract pipeline costs are still required in FY97 and are included in the FY97 current estimate.

5. FY 1997 Current Estimate

\$1,630,600

6. Price Growth

\$68,485

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

		(Dollars in Thousands)
D. <u>Reconciliation of Increases and Decreases (continued)</u>		
7. Program Increases		\$232,200
a. Pipeline Requirements		229,500
Reflects the pipeline benefits requirements for MCS contracts in Regions 1 and 2/5.		
b. Investment Demonstration Program		2,700
Clinical trials for this program are currently being expanded to include all cancer treatment clinical trials as approved by the National Institutes of Cancer. An increase in participants is projected as the demonstration expands in scope.		
8. Program Decreases		\$-1,196,165
a. Pipeline Costs		-161,400
Reflects a decrease for the one-time required pipeline costs for Regions 3/4 and 7/8 in FY97.		
b. Standard CHAMPUS Benefits		-939,965
All MCS contracts will be implemented by FY98 and benefits requirements for all twelve Health Service Regions (HSR) will be reflected in the MCS benefits line. Only those geographical locations not covered by MCS contracts will remain as standard benefits requirements.		
c. Related Benefits Requirements		-94,800
Reduced CHE/CAP and FI costs result from the decrease in Standard CHAMPUS benefits.		

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

<u>D. Reconciliation of Increases and Decreases (continued)</u>		(Dollars in Thousands)
9	FY 1998 Current Estimate	\$735,120
10.	Price Growth	\$30,875
11.	Program Increases	\$2,400
	a. Investment Demonstration Program	
	Continued expansion of clinical trials and an increase of participants are anticipated with this program.	
12.	Program Decreases	\$-374,971
	a. Pipeline Requirements	-233,200
	FY98 one time pipeline costs for regions 1 and 2/5 MCS contracts are eliminated. There are no pipeline requirements for any of the MCS contracts after this point.	
	b. Standard CHAMPUS Benefits	-99,371
	Remaining FY98 Standard CHAMPUS benefits costs are eliminated for the last two regional contracts as they are now fully implemented in FY99.	
	c. Related Benefits Requirements	-42,400

The CHE/CAP and FI requirements associated with the Standard CHAMPUS benefits are further reduced as the last two contracts come on-line. A minimal requirement for these costs remains in the outyears to cover the geographical areas not included in the MCS contract requirements.

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. <u>Reconciliation of Increases and Decreases (continued)</u>	(Dollars in Thousands)
13. FY 1999 Current Request	\$393,424

IV. Performance Criteria and Evaluation Summary:

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Change FY97/FY98</u>	<u>Change FY98/FY99</u>
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CHAMPUS Workload*

* All Managed Care Support (MCS) contracts will be implemented by FY98, leaving only those geographical areas not covered by a contract. Any workload reported and compared from year to year would be skewed by the phased implementation of the MCS contracts and the decline in the standard CHAMPUS benefits program.

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINE CHAMPUS						
308 Travel of Persons	17	0	2.20	0	-17	0
399 Total Travel	17	0		0	-17	0
401 DFSC Fuel	0	0	1.30	0	0	0
402 Service Fund Fuel	0	0	1.30	0	0	0
411 Army Sup & Mat	0	0	-6.00	0	0	0
412 Navy Sup & Mat	0	0	8.60	0	0	0
414 AF Sup & Mat	0	0	-1.20	0	0	0
415 DLA Sup & Mat	0	0	-2.10	0	0	0
416 GSA Sup & Mat	0	0	2.20	0	0	0
417 Local Proc Sup & Mat	9	0	2.20	0	-9	0
499 Total Sup & Mat	9	0		0	-9	0
502 Army Fund Equipt	0	0	-6.00	0	0	0
503 Navy Fund Equipt	0	0	8.60	0	0	0
505 AF Fund Equipt	15	0	-1.20	0	-15	0
506 DLA Fund Equipt	0	0	-2.10	0	0	0
507 GSA Fund Equipt	0	0	2.20	0	0	0
599 Total Fund Equipt	15	0		0	-15	0
602 Army Depot Cmd Maint	0	0	6.90	0	0	0
611 Naval Surface War Ctr	0	0	-2.50	0	0	0
615 Data Automat Ctr Navy	0	0	-7.30	0	0	0
620 Fleet Aux Ships Navy	0	0	2.20	0	0	0
630 Naval Rsch Lab	0	0	5.30	0	0	0
631 Naval Civil Engrn Ctr	0	0	-6.50	0	0	0
633 Naval Pub & Pmt Svc	0	0	9.40	0	0	0

CHAMPUS

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
CHAMPUS						
634 Nav Pub Wrks Ctr: Utilities	0	0	-0.30	0	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	0	0	2.10	0	0	0
637 Naval Shipyards	0	0	14.50	0	0	0
653 Airlift Svcs Trng & Ops	0	0	29.40	0	0	0
671 Communications Svc	0	0	-4.30	0	0	0
673 Def Finance & Acct Svc	0	0	11.40	0	0	0
679 Cost Reimbursible Svc	0	0	2.20	0	0	0
699 Total Purchases	0	0	0	0	0	0
701 MAC Cargo	0	0	3.00	0	0	0
702 MAC SAAM	0	0	-0.50	0	0	0
711 MSC Cargo	0	0	11.20	0	0	0
721 MTMC Port Handling	0	0	-6.80	0	0	0
725 MTMC Other	0	0	7.80	0	0	0
771 Commercial Transportation	0	0	2.20	0	0	0
799 Total Transportation	0	0	0	0	0	0
9XX Civ Pay Reimburs Host	0	0	3.00	0	0	0
901 Foreign Nat Ind Hire	0	0	3.00	0	0	0
902 Separation Liability	0	0	3.00	0	0	0
912 Rental Pay to GSA	0	0	2.20	0	0	0
913 Purchased Utilities	0	0	2.20	0	0	0
914 Purchased Communica	0	0	2.20	0	0	0
915 Rents non GSA	5	0	2.20	0	-5	0
917 Postal Svcs	0	0	2.50	0	0	0
920 Supplies & Mat	1	0	2.20	0	-1	0
921 Printing & Reproduct	1	0	2.20	0	-1	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1996</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1997</u> <u>Program</u>
LINE CHAMPUS						
922 Equipt Maint Contract	0	0	2.20	0	0	0
923 Facility Maint Contract	0	0	2.20	0	0	0
925 Equipt Purchases	2	0	2.20	0	-2	0
926 Overseas Purchases	0	0	2.20	0	0	0
930 Other Depot Maint	0	0	2.20	0	0	0
931 Contract Consultants	0	0	2.20	0	0	0
932 Mgmt & Prof Spt Svc	0	0	2.20	0	0	0
933 Studies Analysis Eval	0	0	2.20	0	0	0
934 Engineering Tech Svc	0	0	2.20	0	0	0
937 Fuel	0	0	2.20	0	0	0
988 Grants	0	0	2.20	0	0	0
989 Other Contracts	2026175	0	3.90	79021	-474596	1630600
998 Other Costs*	0	0	2.20	0	0	0
999 Total Purchases	2026184	0		79021	-474605	1630600
9999 TOTAL	2026225	0		79021	-474646	1630600

CHAMPUS

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
CHAMPUS						
308 Travel of Persons	0	0	2.10		0	0
399 Total Travel	0	0			0	0
401 DFSC Fuel	0	0	19.70		0	0
402 Service Fund Fuel	0	0	19.70		0	0
411 Army Sup & Mat	0	0	2.30		0	0
412 Navy Sup & Mat	0	0	26.30		0	0
414 AF Sup & Mat	0	0	19.30		0	0
415 DLA Sup & Mat	0	0	1.60		0	0
416 GSA Sup & Mat	0	0	2.10		0	0
417 Local Proc Sup & Mat	0	0	2.10		0	0
499 Total Sup & Mat	0	0			0	0
502 Army Fund Equipt	0	0	2.30		0	0
503 Navy Fund Equipt	0	0	26.30		0	0
505 AF Fund Equipt	0	0	19.30		0	0
506 DLA Fund Equipt	0	0	1.60		0	0
507 GSA Fund Equipt	0	0	2.10		0	0
599 Total Fund Equipt	0	0			0	0
602 Army Depot Cmd Maint	0	0	4.00		0	0
611 Naval Surface War Ctr	0	0	12.20		0	0
615 Data Automat Ctr Navy	0	0	6.80		0	0
620 Fleet Aux Ships Navy	0	0	2.10		0	0
630 Naval Rsch Lab	0	0	-2.00		0	0
631 Naval Civil Engnr Ctr	0	0	2.10		0	0
633 Naval Pub & Prnt Svc	0	0	-4.00		0	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
CHAMPUS						
634 Nav Pub Wrks Ctr: Utilities	0	0	-1.00	0	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	0	0	0.30	0	0	0
637 Naval Shipyards	0	0	19.60	0	0	0
653 Airlift Svcs Trng & Ops	0	0	19.80	0	0	0
671 Communications Svc	0	0	-11.00	0	0	0
673 Def Finance & Acct Svc	0	0	-12.60	0	0	0
679 Cost Reimbursible Svc	0	0	2.10	0	0	0
699 Total Purchases	0	0		0	0	0
701 MAC Cargo	0	0	5.00	0	0	0
702 MAC SAAM	0	0	17.80	0	0	0
711 MSC Cargo	0	0	9.30	0	0	0
721 MTMC Port Handling	0	0	5.70	0	0	0
725 MTMC Other	0	0	-7.90	0	0	0
771 Commercial Transportation	0	0	2.10	0	0	0
799 Total Transportation	0	0		0	0	0
9XX Civ Pay Reimburs Host	0	0	2.85	0	0	0
901 Foreign Nat Ind Hire	0	0	2.85	0	0	0
902 Separation Liability	0	0	2.85	0	0	0
912 Rental Pay to GSA	0	0	0.00	0	0	0
913 Purchased Utilities	0	0	2.10	0	0	0
914 Purchased Communica	0	0	2.10	0	0	0
915 Rents non GSA	0	0	2.10	0	0	0
917 Postal Svcs	0	0	0.00	0	0	0
920 Supplies & Mat	0	0	2.10	0	0	0
921 Printing & Reproduct	0	0	2.10	0	0	0

CHAMPUS

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1997</u>	<u>Foreign</u>	<u>Price</u>	<u>Price</u>	<u>Program</u>	<u>FY1998</u>
	<u>Program</u>	<u>Currency</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>	<u>Program</u>
		<u>Adjust</u>	<u>Percent</u>	<u>Amount</u>		
LINE CHAMPUS						
922 Equipt Maint Contract	0	0	2.10	0	0	0
923 Facility Maint Contract	0	0	2.10	0	0	0
925 Equipt Purchases	0	0	2.10	0	0	0
926 Overseas Purchases	0	0	2.10	0	0	0
930 Other Depot Maint	0	0	2.10	0	0	0
931 Contract Consultants	0	0	2.10	0	0	0
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0	0
933 Studies Analysis Eval	0	0	2.10	0	0	0
934 Engineering Tech Svc	0	0	2.10	0	0	0
937 Fuel	0	0	2.10	0	0	0
988 Grants	0	0	2.10	0	0	0
989 Other Contracts	1630600	0	4.20	68485	-963965	735120
998 Other Costs*	0	0	2.10	0	0	0
999 Total Purchases	1630600	0		68485	-963965	735120
9999 TOTAL	1630600	0		68485	-963965	735120

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
CHAMPUS						
308 Travel of Persons	0	0	2.10	0	0	0
399 Total Travel	0	0		0	0	0
401 DFSC Fuel	0	0	-4.40	0	0	0
402 Service Fund Fuel	0	0	-4.40	0	0	0
411 Army Sup & Mat	0	0	2.20	0	0	0
412 Navy Sup & Mat	0	0	-3.00	0	0	0
414 AF Sup & Mat	0	0	0.00	0	0	0
415 DLA Sup & Mat	0	0	-1.00	0	0	0
416 GSA Sup & Mat	0	0	2.10	0	0	0
417 Local Proc Sup & Mat	0	0	2.10	0	0	0
499 Total Sup & Mat	0	0		0	0	0
502 Army Fund Equipt	0	0	2.20	0	0	0
503 Navy Fund Equipt	0	0	-3.00	0	0	0
505 AF Fund Equipt	0	0	0.00	0	0	0
506 DLA Fund Equipt	0	0	-1.00	0	0	0
507 GSA Fund Equipt	0	0	2.10	0	0	0
599 Total Fund Equipt	0	0		0	0	0
602 Army Depot Cmd Maint	0	0	0.50	0	0	0
611 Naval Surface War Ctr	0	0	-0.70	0	0	0
615 Data Automat Ctr Navy	0	0	2.60	0	0	0
620 Fleet Aux Ships Navy	0	0	2.10	0	0	0
630 Naval Rsch Lab	0	0	12.10	0	0	0
631 Naval Civil Engrn Ctr	0	0	2.70	0	0	0
633 Naval Pub & Pmt Svc	0	0	2.70	0	0	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

<u>LINE</u>	<u>FY1998</u>	<u>Foreign</u>	<u>Price</u>	<u>Price</u>	<u>Program</u>	<u>FY1999</u>
	<u>Program</u>	<u>Currency</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>	<u>Program</u>
		<u>Adjust</u>	<u>Percent</u>	<u>Amount</u>		
CHAMPUS						
634	Nav Pub Wrks Ctr: Utilities	0	0	-3.00	0	0
635	Nav Pub Wrks Ctr: Pub Wrks	0	0	0.20	0	0
637	Naval Shipyards	0	0	-10.80	0	0
653	Airlift Svcs Trng & Ops	0	0	-2.50	0	0
671	Communications Svc	0	0	-12.30	0	0
673	Def Finance & Acct Svc	0	0	-0.10	0	0
679	Cost Reimbursible Svc	0	0	2.10	0	0
699	Total Purchases	0	0	0	0	0
MAC						
701	MAC Cargo	0	0	5.00	0	0
702	MAC SAAM	0	0	-1.50	0	0
711	MSC Cargo	0	0	4.80	0	0
721	MTMC Port Handling	0	0	-1.20	0	0
725	MTMC Other	0	0	-0.30	0	0
771	Commercial Transportation	0	0	2.10	0	0
799	Total Transportation	0	0	0	0	0
9XX Civ Pay Reimburs Host						
901	Foreign Nat Ind Hire	0	0	2.20	0	0
902	Separation Liability	0	0	2.20	0	0
912	Rental Pay to GSA	0	0	0.00	0	0
913	Purchased Utilities	0	0	2.10	0	0
914	Purchased Communica	0	0	2.10	0	0
915	Rents non GSA	0	0	2.10	0	0
917	Postal Svcs	0	0	0.00	0	0
920	Supplies & Mat	0	0	2.10	0	0
921	Printing & Reproduct	0	0	2.10	0	0

CHAMPUS

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1998	Foreign	Price	Price	Program	FY1999
CHAMPUS	Program	Currency	Growth	Growth	Growth	Program
		Adjust	Percent	Amount		
922	Equipt Maint Contract	0	2.10	0	0	0
923	Facility Maint Contract	0	2.10	0	0	0
925	Equipt Purchases	0	2.10	0	0	0
926	Overseas Purchases	0	2.10	0	0	0
930	Other Depot Maint	0	2.10	0	0	0
931	Contract Consultants	0	2.10	0	0	0
932	Mgmt & Prof Spt Svc	0	2.10	0	0	0
933	Studies Analysis Eval	0	2.10	0	0	0
934	Engineering Tech Svc	0	2.10	0	0	0
937	Fuel	0	2.10	0	0	0
988	Grants	0	2.10	0	0	0
989	Other Contracts	735120	4.20	30875	-372571	393424
998	Other Costs*	0	2.10	0	0	0
999	Total Purchases	735120	0	30875	-372571	393424
9999	TOTAL	735120	0	30875	-372571	393424

Defense Health Program
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance

Detail By Sub-Activity Group: Health Care Support Contracts (Managed Care Support Contracts)

I. Description of Operations Financed: In 1993, the Department began a transition to the managed care concept of operation by adding several new components to its health care program. This managed care program, designated TRICARE, integrates the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) with the military medical treatment facilities on a regional basis. TRICARE realigns the Military Health Services System into 12 DoD health care regions under the guidance of a designated Lead Agent. The Lead Agent's role and responsibilities include coordinating the development and implementation of a regional, joint-service health plan and administering the Managed Care Support (MCS) contract for the entire region. The MCS initiative, a significant component of the TRICARE program, will transition the purchase of health care and support services from civilian sources under the basic CHAMPUS program (fee-for-service) to a fixed-price at-risk contract. Seven MCS contracts (for the 12 regions) will be procured centrally by the TRICARE Support Office (formerly Office of CHAMPUS) and all are currently scheduled for implementation by the first quarter of FY98. Implementation of these health care contracts will improve access to care, ensure that DoD beneficiaries obtain the highest quality of care, enhance the military hospitals' current capability through carefully-controlled contractor support, and contain health care costs.

II. Force Structure Summary: This program funds the costs of the seven MCS contracts that will be negotiated and procured by the TRICARE Support Office (TSO). Four contracts have already been implemented. The fifth contract will be implemented mid FY97. The last two contracts are projected to start in the first quarter of FY98. This program will provide for health care to eligible active duty dependents, retired members and their dependents, and surviving dependents of deceased active duty purchased within the 12 Health Service Regions (HSRs) under the uniform TRICARE triple option benefit plan. Under the uniform triple-option plan, eligible beneficiaries can enroll in a health maintenance organization (HMO) type plan -- TRICARE Prime, they can use the civilian preferred provider network on a case-by-case basis -- TRICARE Extra, or they can remain in the standard CHAMPUS benefit plan -- TRICARE Standard.

III. Financial Summary (O&M \$ in thousands):

A. Sub-Activity Group

	FY 1996 <u>Actuals</u>	FY 1997		FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>
		<u>Budget Request</u>	<u>Appropriation Estimate</u>		
Managed Care Support Contracts	1,252,621	2,439,900	2,439,900	1,858,000	2,623,129

**Defense Health Program
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

B. Reconciliation Summary - Health Care Support Contracts (Managed Care Support Contracts)

	<u>Change FY 1997/1997</u>	<u>Change FY 1997/1998</u>	<u>Change FY 1998/1999</u>
Baseline Funding	2,439,900	1,858,000	2,848,888
Congressional Adjustments	0	0	0
Supplemental Request	0	0	0
Price Change	0	78,036	119,653
Functional Transfers	0	0	0
Program Changes	-581,900	912,852	-345,412
Current Estimate	1,858,000	2,848,888	2,623,129

C. OP-32 Line Item (See Exhibit OP-32)

D. Reconciliation of Increases and Decreases

	(Dollars in Thousands)
1. FY 1997 President's Budget Request	\$2,439,900
2. FY 1997 Appropriated Amount	\$2,439,900
3. Program Increases	\$13,200

a. MCS Startup Costs

**Defense Health Program
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Startup costs for regions 1 and 2/5 MCS contracts increase based on revised contract costs.

D. Reconciliation of Increases and Decreases (continued)

(Dollars in Thousands)

4. Program Decreases

\$-595,100

a. Region 3/4 MCS Contract Award

-64,200

Region 3/4 MCS contract estimate is revised to reflect the actual award bid price.

b. Revised MCS Contracts Requirement

-530,900

Due to the delay in startup of regions 7/8, 1 and 2/5 MCS contracts in FY97, the projected benefits and Lead Agent (CHAMPUS portion) costs are decreased accordingly. Standard CHAMPUS benefits have been increased to reflect this delay.

5. FY 1997 Current Estimate

\$1,858,000

6. Price Growth

\$78,036

7. Program Increases

\$991,452

a. MCS Contract Implementation

Increase reflects all seven MCS contracts being implemented by FY98. The standard CHAMPUS benefits program reflects an offsetting decrease in FY98 requirements. This increase includes Lead Agent costs associated with these contracts as well as Continuing Health Education/Capitalization of Assets (CHE/CAP) and Fiscal Intermediary (FI) claims processing costs which are part of the total MCS contract cost.

**Defense Health Program
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (continued)

	(Dollars in Thousands)
8. Program Decreases	\$-78,600
a. One time Startup Costs	-61,100
One time startup costs in FY97 for regions 1 and 2/5 MCS contracts are eliminated.	
b. TRICARE Pharmacy Network Savings	-17,500
Pharmaceuticals purchased by the MCS contractors will be covered by the preferred pricing levels applicable to governmental agency purchases. This initiative has been estimated to save \$17.5 million in FY98 on the pharmacy costs associated with these contracts.	
9. FY 1998 Current Estimate	\$2,848,888
10. Price Growth	\$119,653
11. Program Increases	\$7,400
a. Startup Costs for Region 11 Contract	
The region 11 MCS contract is due for renegotiation in FY99. Startup costs are programmed to cover a change in contractor pending award.	
12. Program Decreases	\$-352,812

**Defense Health Program
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (continued) (Dollars in Thousands)

a. Reduced MCS Contracts Health Care Costs

In total, the MCS contract requirements decrease \$352.8 million in FY99. The realignment of the remaining FY98 standard CHAMPUS benefits costs to the MCS program for the last two contracts equals \$119.4 million. This is offset by the projected reduction in health care and administrative cost for these contracts resulting from their competitive price structure (\$-472.2 million). The net reduction in MCS costs is \$352.8 million.

13. FY 1999 Current Estimate

\$2,623,129

**Defense Health Program
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

IV. Performance Criteria and Evaluation Summary:

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Change FY97/FY98</u>	<u>Change FY98/FY99</u>
CHAMPUS Eligibles Covered by Managed Care Support Contracts*						
	2,671,925	3,359,961	4,933,530	4,911,722	1,573,569	-21,808
Number of Contracts Implemented	4	5	7	7		

* Data is based on the start date of delivered health care services (six months after contract award)

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1996</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1997</u> <u>Program</u>
LINE Managed Care Support						
308 Travel of Persons	0	0	2.20	0	0	0
399 Total Travel	0	0		0	0	0
401 DFSC Fuel	0	0	1.30	0	0	0
402 Service Fund Fuel	0	0	1.30	0	0	0
411 Army Managed Sup & Mat	0	0	-6.00	0	0	0
412 Navy Managed Sup & Mat	0	0	8.60	0	0	0
414 AF Managed Sup & Mat	0	0	-1.20	0	0	0
415 DLA Managed Sup & Mat	0	0	-2.10	0	0	0
416 GSA Managed Sup & Mat	0	0	2.20	0	0	0
417 Local Proc Sup & Mat	0	0	2.20	0	0	0
499 Total Sup & Mat	0	0		0	0	0
502 Army Fund Equipment	0	0	-6.00	0	0	0
503 Navy Fund Equipment	0	0	8.60	0	0	0
505 AF Fund Equipment	0	0	-1.20	0	0	0
506 DLA Fund Equipment	0	0	-2.10	0	0	0
507 GSA Managed Equipment	0	0	2.20	0	0	0
599 Total Fund Equip Purc	0	0		0	0	0
602 Army Depot Cmd Maint	0	0	6.90	0	0	0
611 Naval Surface War Ctr	0	0	-2.50	0	0	0
615 Navy Info Svc	0	0	-7.30	0	0	0
620 Fleet Aux Force	0	0	2.20	0	0	0
630 Naval Rsch Lab	0	0	5.30	0	0	0
631 Naval Fac Engrn Svc	0	0	-6.50	0	0	0
633 Def Pub & Prnt Svc	0	0	9.40	0	0	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1996</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1997</u> <u>Program</u>
LINE Managed Care Support						
634 Nav Pub Wrks Ctr: Utilities	0	0	-0.30	0	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	0	0	2.10	0	0	0
637 Naval Shipyards	0	0	14.50	0	0	0
653 Airlift Svcs Trng & Ops	0	0	29.40	0	0	0
671 Communications Svc	0	0	-4.30	0	0	0
673 Def Finance & Acct Svc	0	0	11.40	0	0	0
679 Cost Reimbursible Svc	0	0	2.20	0	0	0
699 Total Purchases	0	0		0	0	0
701 MAC Cargo	0	0	3.00	0	0	0
702 MAC SAAM	0	0	-0.50	0	0	0
711 MSC Cargo	0	0	11.20	0	0	0
721 MTMC Port Handling	0	0	-6.80	0	0	0
725 MTMC Other	0	0	7.80	0	0	0
771 Commercial Transportation	0	0	2.20	0	0	0
799 Total Transportation	0	0		0	0	0
9XX Civ Pay Reimburs Host	0	0	3.00	0	0	0
901 Foreign Nat Ind Hire	0	0	3.00	0	0	0
902 Separation Liability	0	0	3.00	0	0	0
912 Rental Pay to GSA	0	0	2.20	0	0	0
913 Purchased Utilities	0	0	2.20	0	0	0
914 Purchased Communications	0	0	2.20	0	0	0
915 Rents non GSA	0	0	2.20	0	0	0
917 Postal Svcs	0	0	2.50	0	0	0
920 Supplies & Mat	0	0	2.20	0	0	0
921 Printing & Reproduct	0	0	2.20	0	0	0

MCS

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1996</u>	<u>Foreign</u>	<u>Price</u>	<u>Price</u>	<u>Program</u>	<u>FY1997</u>
	<u>Program</u>	<u>Currency</u>	<u>Growth</u>	<u>Growth</u>	<u>Growth</u>	<u>Program</u>
		<u>Adjust</u>	<u>Percent</u>	<u>Amount</u>		
LINE Managed Care Support						
922 Equipt Maint Contract	0	0	2.20	0	0	0
923 Facility Maint Contract	0	0	2.20	0	0	0
925 Equipt Purchases	0	0	2.20	0	0	0
926 Overseas Purchases	0	0	2.20	0	0	0
930 Other Depot Maint	0	0	2.20	0	0	0
931 Contract Consultants	0	0	2.20	0	0	0
932 Mgmt & Prof Spt Svc	0	0	2.20	0	0	0
933 Studies Analysis Eval	0	0	2.20	0	0	0
934 Engineering Tech Svc	0	0	2.20	0	0	0
937 Locally Purchased Fuel	0	0	2.20	0	0	0
988 Grants	0	0	2.20	0	0	0
989 Other Contracts	1252621	0	3.90	48852	556527	1858000
998 Other Costs*	0	0	2.20	0	0	0
999 Total Purchases	1252621	0		48852	556527	1858000
9999 TOTAL	1252621	0		48852	556527	1858000

MCS

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1997</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1998</u> <u>Program</u>
LINE Managed Care Support						
308 Travel of Persons	0	0	2.10	0	0	0
399 Total Travel	0	0		0	0	0
401 DFSC Fuel	0	0	19.70	0	0	0
402 Service Fund Fuel	0	0	19.70	0	0	0
411 Army Managed Sup & Mat	0	0	2.30	0	0	0
412 Navy Managed Sup & Mat	0	0	26.30	0	0	0
414 AF Managed Sup & Mat	0	0	19.30	0	0	0
415 DLA Managed Sup & Mat	0	0	1.60	0	0	0
416 GSA Managed Sup & Mat	0	0	2.10	0	0	0
417 Local Proc Sup & Mat	0	0	2.10	0	0	0
499 Total Sup & Mat	0	0		0	0	0
502 Army Fund Equipment	0	0	2.30	0	0	0
503 Navy Fund Equipment	0	0	26.30	0	0	0
505 AF Fund Equipment	0	0	19.30	0	0	0
506 DLA Fund Equipment	0	0	1.60	0	0	0
507 GSA Managed Equipment	0	0	2.10	0	0	0
599 Total Fund Equip Purc	0	0		0	0	0
602 Army Depot Cmd Maint	0	0	4.00	0	0	0
611 Naval Surface War Ctr	0	0	12.20	0	0	0
615 Navy Info Svc	0	0	6.80	0	0	0
620 Fleet Aux Force	0	0	2.10	0	0	0
630 Naval Rsch Lab	0	0	-2.00	0	0	0
631 Naval Fac Engrn Svc	0	0	2.10	0	0	0
633 Def Pub & Pmt Svc	0	0	-4.00	0	0	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1997</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1998</u> <u>Program</u>
LINE Managed Care Support						
634 Nav Pub Wrks Ctr: Utilities	0	0	-1.00	0	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	0	0	0.30	0	0	0
637 Naval Shipyards	0	0	19.60	0	0	0
653 Airlift Svcs Trng & Ops	0	0	19.80	0	0	0
671 Communications Svc	0	0	-11.00	0	0	0
673 Def Finance & Acct Svc	0	0	-12.60	0	0	0
679 Cost Reimbursible Svc	0	0	2.10	0	0	0
699 Total Purchases	0	0		0	0	0
701 MAC Cargo	0	0	5.00	0	0	0
702 MAC SAAM	0	0	17.80	0	0	0
711 MSC Cargo	0	0	9.30	0	0	0
721 MTMC Port Handling	0	0	5.70	0	0	0
725 MTMC Other	0	0	-7.90	0	0	0
771 Commercial Transportation	0	0	2.10	0	0	0
799 Total Transportation	0	0		0	0	0
9XX Civ Pay Reimburs Host	0	0	2.85	0	0	0
901 Foreign Nat Ind Hire	0	0	2.85	0	0	0
902 Separation Liability	0	0	2.85	0	0	0
912 Rental Pay to GSA	0	0	0.00	0	0	0
913 Purchased Utilities	0	0	2.10	0	0	0
914 Purchased Communications	0	0	2.10	0	0	0
915 Rents non GSA	0	0	2.10	0	0	0
917 Postal Svcs	0	0	0.00	0	0	0
920 Supplies & Mat	0	0	2.10	0	0	0
921 Printing & Reproduct	0	0	2.10	0	0	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1997 <u>Program</u>	Foreign Currency <u>Adjust</u>	Price Growth <u>Percent</u>	Price Growth <u>Amount</u>	Program Growth	FY1998 <u>Program</u>
Managed Care Support						
922 Equipt Maint Contract	0	0	2.10	0	0	0
923 Facility Maint Contract	0	0	2.10	0	0	0
925 Equipt Purchases	0	0	2.10	0	0	0
926 Overseas Purchases	0	0	2.10	0	0	0
930 Other Depot Maint	0	0	2.10	0	0	0
931 Contract Consultants	0	0	2.10	0	0	0
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0	0
933 Studies Analysis Eval	0	0	2.10	0	0	0
934 Engineering Tech Svc	0	0	2.10	0	0	0
937 Locally Purchased Fuel	0	0	2.10	0	0	0
988 Grants	0	0	2.10	0	0	0
989 Other Contracts	1858000	0	4.20	78036	912852	2848888
998 Other Costs*	0	0	2.10	0	0	0
999 Total Purchases	1858000	0		78036	912852	2848888
9999 TOTAL	1858000	0		78036	912852	2848888

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1998</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1999</u> <u>Program</u>
LINE						
Managed Care Support						
308 Travel of Persons	0	0	2.10	0	0	0
399 Total Travel	0	0		0	0	0
401 DFSC Fuel	0	0	-4.40	0	0	0
402 Service Fund Fuel	0	0	-4.40	0	0	0
411 Army Managed Sup & Mat	0	0	2.20	0	0	0
412 Navy Managed Sup & Mat	0	0	-3.00	0	0	0
414 AF Managed Sup & Mat	0	0	0.00	0	0	0
415 DLA Managed Sup & Mat	0	0	-1.00	0	0	0
416 GSA Managed Sup & Mat	0	0	2.10	0	0	0
417 Local Proc Sup & Mat	0	0	2.10	0	0	0
499 Total Sup & Mat	0	0		0	0	0
502 Army Fund Equipment	0	0	2.20	0	0	0
503 Navy Fund Equipment	0	0	-3.00	0	0	0
505 AF Fund Equipment	0	0	0.00	0	0	0
506 DLA Fund Equipment	0	0	-1.00	0	0	0
507 GSA Managed Equipment	0	0	2.10	0	0	0
599 Total Fund Equip Purc	0	0		0	0	0
602 Army Depot Cmd Maint	0	0	0.50	0	0	0
611 Naval Surface War Ctr	0	0	-0.70	0	0	0
615 Navy Info Svc	0	0	2.60	0	0	0
620 Fleet Aux Force	0	0	2.10	0	0	0
630 Naval Rsch Lab	0	0	12.10	0	0	0
631 Naval Fac Engrn Svc	0	0	2.70	0	0	0
633 Def Pub & Prnt Svc	0	0	2.70	0	0	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1998</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1999</u> <u>Program</u>
LINE Managed Care Support						
634 Nav Pub Wrks Ctr: Utilities	0	0	-3.00		0	0
635 Nav Pub Wrks Ctr: Pub Wrks	0	0	0.20		0	0
637 Naval Shipyards	0	0	-10.80		0	0
653 Airlift Svcs Trng & Ops	0	0	-2.50		0	0
671 Communications Svc	0	0	-12.30		0	0
673 Def Finance & Acct Svc	0	0	-0.10		0	0
679 Cost Reimbursible Svc	0	0	2.10		0	0
699 Total Purchases	0	0			0	0
701 MAC Cargo	0	0	5.00		0	0
702 MAC SAAM	0	0	-1.50		0	0
711 MSC Cargo	0	0	4.80		0	0
721 MTMC Port Handling	0	0	-1.20		0	0
725 MTMC Other	0	0	-0.30		0	0
771 Commercial Transportation	0	0	2.10		0	0
799 Total Transportation	0	0			0	0
9XX Civ Pay Reimburs Host	0	0	2.20		0	0
901 Foreign Nat Ind Hire	0	0	2.20		0	0
902 Separation Liability	0	0	2.20		0	0
912 Rental Pay to GSA	0	0	0.00		0	0
913 Purchased Utilities	0	0	2.10		0	0
914 Purchased Communications	0	0	2.10		0	0
915 Rents non GSA	0	0	2.10		0	0
917 Postal Svcs	0	0	0.00		0	0
920 Supplies & Mat	0	0	2.10		0	0
921 Printing & Reproduct	0	0	2.10		0	0

Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
Managed Care Support						
922 Equipt Maint Contract	0	0	2.10	0	0	0
923 Facility Maint Contract	0	0	2.10	0	0	0
925 Equipt Purchases	0	0	2.10	0	0	0
926 Overseas Purchases	0	0	2.10	0	0	0
930 Other Depot Maint	0	0	2.10	0	0	0
931 Contract Consultants	0	0	2.10	0	0	0
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0	0
933 Studies Analysis Eval	0	0	2.10	0	0	0
934 Engineering Tech Svc	0	0	2.10	0	0	0
937 Locally Purchased Fuel	0	0	2.10	0	0	0
988 Grants	0	0	2.10	0	0	0
989 Other Contracts	284888	0	4.20	119653	-345412	2623129
998 Other Costs*	0	0	2.10	0	0	0
999 Total Purchases	284888	0		119653	-345412	2623129
9999 TOTAL	284888	0		119653	-345412	2623129

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Detail By Sub-Activity Group: **TRICARE Support Office (TSO) /Office of Civilian Health and Medical Program of the Uniformed Services (OCHAMPUS)**

I. Description of Operations Financed: The Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) is a worldwide health care cost-sharing program covering approximately 5.3 million eligible beneficiaries. The TRICARE Support Office (TSO), formerly known as the office of CHAMPUS, located in Aurora, Colorado, is responsible for the overall management and supervision of this program. This sub-activity group funds the day-to-day operations and program administration costs of this office and the cost of the oversight contracts it manages for the CHAMPUS program. The responsibility for some of these contracts will transfer from the TSO to the Managed Care "at-risk" health care regional contracts in FY 1997, or will be reduced as these contracts are awarded. Among those contracts designated for transfer or reduction are the Home Health Care-Case Management program and the Fiscal Intermediary contracts. These contracts are designed to reduce the growth rate of the CHAMPUS program, improve the efficiency of this health care, and provide the best possible service to the eligible beneficiaries.

II. Force Structure Summary: This program provides for the operating costs of the TSO, which is responsible for the overall management of the CHAMPUS program. The CHAMPUS program provides for the worldwide health care of eligible active duty dependents, retired members and their dependents, and surviving dependents of deceased active duty from civilian health care facilities. The CHAMPUS program also includes care received by beneficiaries of the Veterans Administration, the Department of Health and Human Services, U.S. Coast Guard, and the National Oceanographic and Atmospheric Administration on a reimbursable basis. TSO operating costs include civilian personnel, travel, rents and utilities, printing and reproduction, communications, supplies and equipment, and various contracts (such as the National Claims Processing System and Home Health Care-Case Management).

III. Financial Summary (O&M \$ in thousands):

A. Sub-Activity Group

	FY 1996 <u>Actuals</u>	FY 1997			FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>
		Budget <u>Request</u>	Appropriation	Current <u>Estimate</u>		
TRICARE Support Office (TSO)	86,111	54,141	54,141	54,141	54,554	52,770

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

B. Reconciliation Summary - TRICARE Support Office (TSO) / formerly OCHAMPUS

	<u>Change FY 1997/1997</u>	<u>Change FY 1997/1998</u>	<u>Change FY 1998/1999</u>
Baseline Funding	54,141	54,141	54,554
Congressional Adjustments	0	0	0
Supplemental Request	0	0	0
Price Change	0	1,227	1,156
Functional Transfers	0	0	0
Program Changes	0	-814	-2,940
Current Estimate	54,141	54,554	52,770

C. OP-32 Line Item (See Exhibit OP-32)

D. Reconciliation of Increases and Decreases

1. FY 1997 President's Budget Request	\$54,141
2. FY 1997 Appropriated Amount	\$54,141
3. FY 1997 Current Estimate	\$54,141
4. Price Growth	\$1,227
5. Program Increases	\$1,461

(Dollars in Thousands)

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (continued)

	(Dollars in Thousands)
a. TRICARE Handbook and Policy Manuals	681
Reflects the biennial printing requirement of the TRICARE handbooks and manuals that provide information to the program managers and beneficiaries.	
b. National Quality Monitoring Contract	780
The National Quality Monitoring Contract oversees the quality of care provided by the Managed Care Support contracts. The traditional role of this contract will be expanded to include certification of mental health facilities.	
6. Program Decreases	\$-2,275
a. Civilian Personnel	-750
Reflects a reduction of 10 civilian workyears.	
b. Office Equipment	-874
One time equipment purchase in FY97 to relocate the TRICARE Support Office to a commercially leased facility in downtown Denver. This relocation occurs due to the closure of the Fitzsimons Army Medical Center.	
c. Miscellaneous Program Reductions	-651
Reduced requirements for supplies, rents, and purchased communications associated with the office relocation to commercially leased space and reduced civilian staff.	

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (continued)

	(Dollars in Thousands)
7. FY 1998 Current Estimate	\$54,554
8. Price Growth	\$1,156
9. Program Decreases	\$-2,940
a. Civilian Personnel	-628
Reflects reduction of 9 additional civilian workyears.	
b. TRICARE Handbooks and Policy Manuals	-684
Reduction reflects cyclical printing requirement.	
c. Regional Review Centers	-1,200
These two centers currently provide preauthorization and retrospective review of medical care provided in civilian facilities. These contracts phase out as the Managed Care Support contracts are implemented.	
d. Miscellaneous Program Reductions	-428
Continued reduction of office operations and support costs as the staffing levels decrease.	
10. FY 1999 Current Estimate	\$52,770

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

IV. Personnel Summary: TRICARE Support Office (TSO) / formerly OCHAMPUS

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Change FY97/FY98</u>	<u>Change FY98/FY99</u>
<u>Active Military End Strength (Total)</u>						
Officer	11	10	10	10	0	0
Enlisted	0	0	0	0	0	0
Total Military	11	10	10	10	0	0
<u>Civilian End Strength</u>						
U.S. Direct Hire	213	202	194	183	-8	-11
Foreign National Direct Hire	0	0	0	0	0	0
Total Direct Hire	213	202	194	183	-8	-11
Foreign National Indirect Hire	5	0	0	0	0	0
Total Civilians	218	202	194	183	-8	-11
(Reimbursable Civilians Included above)	0	0	0	0	0	0
<u>Active Military Workyears</u>						
Officer	10	11	10	10	0	0
Enlisted	0	0	0	0	0	0
Total Military	10	11	10	10	0	0
<u>Civilian Workyears</u>						
U.S. Direct Hire	212	195	185	176	-10	-9
Foreign National Direct Hire	0	0	0	0	0	0
Total Direct Hire	212	195	185	176	-10	-9
Foreign National Indirect Hire	8	0	0	0	0	0
Total Civilians	220	195	185	176	-10	-9
(Reimbursable Civilians Included above)	0	0	0	0	0	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINE Tricare Support Office						
308 Travel of Persons	1141	0	2.20	25	-357	809
399 Total Travel	1141	0		25	-357	809
401 DFSC Fuel	0	0	1.30	0	0	0
402 Service Fund Fuel	0	0	1.30	0	0	0
411 Army Sup & Mat	148	0	-6.00	-9	0	139
412 Navy Sup & Mat	0	0	8.60	0	0	0
414 AF Sup & Mat	0	0	-1.20	0	0	0
415 DLA Sup & Mat	0	0	-2.10	0	0	0
416 GSA Sup & Mat	104	0	2.20	2	1	107
417 Local Proc Sup & Mat	0	0	2.20	0	0	0
499 Total Sup & Mat	252	0		-7	1	246
502 Army Fund Equipt	0	0	-6.00	0	0	0
503 Navy Fund Equipt	0	0	8.60	0	0	0
505 AF Fund Equipt	0	0	-1.20	0	0	0
506 DLA Fund Equipt	0	0	-2.10	0	0	0
507 GSA Fund Equipt	0	0	2.20	0	0	0
599 Total Fund Equipt	0	0		0	0	0
602 Army Depot Cmd Maint	0	0	6.90	0	0	0
611 Naval Surface War Ctr	0	0	-2.50	0	0	0
615 Data Automat Ctr Navy	0	0	-7.30	0	0	0
620 Fleet Aux Ships Navy	0	0	2.20	0	0	0
630 Naval Rsch Lab	0	0	5.30	0	0	0
631 Naval Civil Engrnr Ctr	0	0	-6.50	0	0	0
633 Naval Pub & Pmt Svc	0	0	9.40	0	0	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINE Tricare Support Office						
634 Nav Pub Wrks Ctr: Utilities	0	0	-0.30	0	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	0	0	2.10	0	0	0
637 Naval Shipyards	0	0	14.50	0	0	0
653 Airlift Svcs Trng & Ops	0	0	29.40	0	0	0
671 Communications Svc	0	0	-4.30	0	0	0
673 Def Finance & Acct Svc	0	0	11.40	0	0	0
679 Cost Reimbursible Svc	0	0	2.20	0	0	0
699 Total Purchases	0	0		0	0	0
701 MAC Cargo	0	0	3.00	0	0	0
702 MAC SAAM	0	0	-0.50	0	0	0
711 MSC Cargo	0	0	11.20	0	0	0
721 MTMC Port Handling	0	0	-6.80	0	0	0
725 MTMC Other	0	0	7.80	0	0	0
771 Commercial Transportation	0	0	2.20	0	0	0
799 Total Transportation	0	0		0	0	0
9XX Civ Pay Reimburs Host	14251	0	3.00	428	-2291	12388
901 Foreign Nat Ind Hire	421	0	3.00	13	-434	0
902 Separation Liability	204	0	3.00	6	-92	118
912 Rental Pay to GSA	8	0	2.20	0	-1	7
913 Purchased Utilities	6	0	2.20	0	-1	5
914 Purchased Communica	177	0	2.20	4	-35	146
915 Rents non GSA	635	0	2.20	14	-126	523
917 Postal Svcs	88	0	2.50	2	-17	73
920 Supplies & Mat	498	0	2.20	11	-33	476
921 Printing & Reproduct	1265	0	2.20	28	-656	637

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1996</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1997</u> <u>Program</u>
LINE Tricare Support Office						
922 Equipt Maint Contract	1155	0	2.20	25	-1180	0
923 Facility Maint Contract	440	0	2.20	10	-450	0
925 Equipt Purchases	360	0	2.20	8	1068	1436
926 Overseas Purchases	0	0	2.20	0	0	0
930 Other Depot Maint	0	0	2.20	0	0	0
931 Contract Consultants	0	0	2.20	0	0	0
932 Mgmt & Prof Spt Svc	0	0	2.20	0	0	0
933 Studies Analysis Eval	11771	0	2.20	259	-2155	9875
934 Engineering Tech Svc	0	0	2.20	0	0	0
937 Fuel	0	0	2.20	0	0	0
988 Grants	0	0	2.20	0	0	0
989 Other Contracts	53439	0	2.20	0	0	0
998 Other Costs*	0	0	2.20	1176	-27213	27402
999 Total Purchases	84718	0	2.20	0	0	0
				1984	-33616	53086
9999 TOTAL	86111	0		2002	-33972	54141

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
Tricare Support Office						
308 Travel of Persons	809	0	2.10	17	-53	773
399 Total Travel	809	0		17	-53	773
DFSC Fuel						
401 DFSC Fuel	0	0	19.70	0	0	0
402 Service Fund Fuel	0	0	19.70	0	0	0
411 Army Sup & Mat	139	0	2.30	3	-33	109
412 Navy Sup & Mat	0	0	26.30	0	0	0
414 AF Sup & Mat	0	0	19.30	0	0	0
415 DLA Sup & Mat	0	0	1.60	0	0	0
416 GSA Sup & Mat	107	0	2.10	2	-32	77
417 Local Proc Sup & Mat	0	0	2.10	0	0	0
499 Total Sup & Mat	246	0		5	-65	186
Army Fund Equipt						
502 Army Fund Equipt	0	0	2.30	0	0	0
503 Navy Fund Equipt	0	0	26.30	0	0	0
505 AF Fund Equipt	0	0	19.30	0	0	0
506 DLA Fund Equipt	0	0	1.60	0	0	0
507 GSA Fund Equipt	0	0	2.10	0	0	0
599 Total Fund Equipt	0	0		0	0	0
Army Depot Cmd Maint						
602 Army Depot Cmd Maint	0	0	4.00	0	0	0
611 Naval Surface War Ctr	0	0	12.20	0	0	0
615 Data Automat Ctr Navy	0	0	6.80	0	0	0
620 Fleet Aux Ships Navy	0	0	2.10	0	0	0
630 Naval Rsch Lab	0	0	-2.00	0	0	0
631 Naval Civil Engrn Ctr	0	0	2.10	0	0	0
633 Naval Pub & Pmt Svc	0	0	-4.00	0	0	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
LINE Tricare Support Office						
634 Nav Pub Wrks Ctr: Utilities	0	0	-1.00	0	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	0	0	0.30	0	0	0
637 Naval Shipyards	0	0	19.60	0	0	0
653 Airlift Svcs Trng & Ops	0	0	19.80	0	0	0
671 Communications Svc	0	0	-11.00	0	0	0
673 Def Finance & Acct Svc	0	0	-12.60	0	0	0
679 Cost Reimbursible Svc	0	0	2.10	0	0	0
699 Total Purchases	0	0		0	0	0
701 MAC Cargo	0	0	5.00	0	0	0
702 MAC SAAM	0	0	17.80	0	0	0
711 MSC Cargo	0	0	9.30	0	0	0
721 MTMC Port Handling	0	0	5.70	0	0	0
725 MTMC Other	0	0	-7.90	0	0	0
771 Commercial Transportation	0	0	2.10	0	0	0
799 Total Transportation	0	0		0	0	0
9XX Civ Pay Reimburs Host	12388	0	2.85	353	-750	11991
901 Foreign Nat Ind Hire	0	0	2.85	0	0	0
902 Separation Liability	118	0	2.85	3	-24	97
912 Rental Pay to GSA	7	0	0.00	0	-7	0
913 Purchased Utilities	5	0	2.10	0	0	5
914 Purchased Communica	146	0	2.10	3	-52	97
915 Rents non GSA	523	0	2.10	11	-189	345
917 Postal Svcs	73	0	0.00	0	-25	48
920 Supplies & Mat	476	0	2.10	10	-117	369
921 Printing & Reproduct	637	0	2.10	13	681	1331

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
Tricare Support Office						
922 Equip Maint Contract	0	0	2.10	0	0	0
923 Facility Maint Contract	0	0	2.10	0	0	0
925 Equip Purchases	1436	0	2.10	30	-874	592
926 Overseas Purchases	0	0	2.10	0	0	0
930 Other Depot Maint	0	0	2.10	0	0	0
931 Contract Consultants	0	0	2.10	0	0	0
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0	0
933 Studies Analysis Eval	9875	0	2.10	207	780	10862
934 Engineering Tech Svc	0	0	2.10	0	0	0
937 Fuel	0	0	2.10	0	0	0
988 Grants	0	0	2.10	0	0	0
989 Other Contracts	27402	0	2.10	575	-119	27858
998 Other Costs*	0	0	2.10	0	0	0
999 Total Purchases	53086	0		1205	-696	53595
9999 TOTAL	54141	0		1227	-814	54554

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE Tricare Support Office						
308 Travel of Persons	773	0	2.10		16	735
399 Total Travel	773	0			16	735
401 DFSC Fuel	0	0	-4.40		0	0
402 Service Fund Fuel	0	0	-4.40		0	0
411 Army Sup & Mat	109	0	2.20		2	0
412 Navy Sup & Mat	0	0	-3.00		0	0
414 AF Sup & Mat	0	0	0.00		0	0
415 DLA Sup & Mat	0	0	-1.00		0	0
416 GSA Sup & Mat	77	0	2.10		2	79
417 Local Proc Sup & Mat	0	0	2.10		0	0
499 Total Sup & Mat	186	0			4	79
502 Army Fund Equipt	0	0	2.20		0	0
503 Navy Fund Equipt	0	0	-3.00		0	0
505 AF Fund Equipt	0	0	0.00		0	0
506 DLA Fund Equipt	0	0	-1.00		0	0
507 GSA Fund Equipt	0	0	2.10		0	0
599 Total Fund Equipt	0	0			0	0
602 Army Depot Cmd Maint	0	0	0.50		0	0
611 Naval Surface War Ctr	0	0	-0.70		0	0
615 Data Automat Ctr Navy	0	0	2.60		0	0
620 Fleet Aux Ships Navy	0	0	2.10		0	0
630 Naval Rsch Lab	0	0	12.10		0	0
631 Naval Civil Engr Ctr	0	0	2.70		0	0
633 Naval Pub & Prnt Svc	0	0	2.70		0	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE Tricare Support Office						
634	Nav Pub Wrks Ctr: Utilities	0	-3.00	0	0	0
635	Nav Pub Wrks Ctr: Pub Wrks	0	0.20	0	0	0
637	Naval Shipyards	0	-10.80	0	0	0
653	Airlift Svcs Trng & Ops	0	-2.50	0	0	0
671	Communications Svc	0	-12.30	0	0	0
673	Def Finance & Acct Svc	0	-0.10	0	0	0
679	Cost Reimbursible Svc	0	2.10	0	0	0
699	Total Purchases	0	0	0	0	0
701	MAC Cargo	0	5.00	0	0	0
702	MAC SAAM	0	-1.50	0	0	0
711	MSC Cargo	0	4.80	0	0	0
721	MTMC Port Handling	0	-1.20	0	0	0
725	MTMC Other	0	-0.30	0	0	0
771	Commercial Transportation	0	2.10	0	0	0
799	Total Transportation	0	0	0	0	0
9XX	Civ Pay Reimburs Host	11991	2.20	264	-628	11627
901	Foreign Nat Ind Hire	0	2.20	0	0	0
902	Separation Liability	97	2.20	2	0	99
912	Rental Pay to GSA	0	0.00	0	0	0
913	Purchased Utilities	5	2.10	0	0	5
914	Purchased Communica	97	2.10	2	1	100
915	Rents non GSA	345	2.10	7	3	355
917	Postal Svcs	48	0.00	0	1	49
920	Supplies & Mat	369	2.10	8	110	487
921	Printing & Reproduct	1331	2.10	28	-684	675

TSO

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1998</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1999</u> <u>Program</u>
LINE Tricare Support Office						
922 Equipt Maint Contract	0	0	2.10	0	0	0
923 Facility Maint Contract	0	0	2.10	0	0	0
925 Equipt Purchases	592	0	2.10	12	6	610
926 Overseas Purchases	0	0	2.10	0	0	0
930 Other Depot Maint	0	0	2.10	0	0	0
931 Contract Consultants	0	0	2.10	0	0	0
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0	0
933 Studies Analysis Eval	10862	0	2.10	228	-1800	9290
934 Engineering Tech Svc	0	0	2.10	0	0	0
937 Fuel	0	0	2.10	0	0	0
988 Grants	0	0	2.10	0	0	0
989 Other Contracts	27858	0	2.10	585	216	28659
998 Other Costs*	0	0	2.10	0	0	0
999 Total Purchases	53595	0		1136	-2775	51956
9999 TOTAL	54554	0		1156	-2940	52770

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Detail By Sub-Activity Group: Care in Non-Defense Facilities

I. Description of Operations Financed: This Sub-activity Group provides for the purchase of health care services from the Uniformed Services Treatment Facilities (USTFs) for eligible DoD beneficiaries who are **enrolled** in the USTF Managed Care Plan. It also supports centrally managed allotments which fund emergency medical care and transportation for authorized beneficiaries and medically necessary non-emergency care for active duty personnel when care is not accessible or available from military medical treatment facilities. This Sub-activity Group **does not include** cost of care rendered through the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), federal sharing agreements, and referrals for specialty care by military medical treatment facilities covered under supplemental care/cooperative care.

II. Force Structure Summary: Care in Non-Defense Facilities represents the costs of purchasing health care services for enrolled beneficiaries in the 10 civilian-operated Uniformed Services Treatment Facilities (USTFs). It also supports centrally managed allotments which fund emergency medical care and transportation for authorized beneficiaries and medically necessary non-emergency care for active duty personnel when care is not accessible or available from facilities.

III. Financial Summary (O&M \$ in thousands):

A. Sub-Activity Group

	FY 1996 <u>Actuals</u>	FY 1997		FY 1998 <u>Estimate</u>	FY 1999 <u>Estimate</u>
		<u>Budget Request</u>	<u>Appropriation</u>		
USTFs	\$315,000	\$331,380	\$327,285	\$341,031	\$355,354
Centrally Managed Allotment for Emergency Care	<u>126,487</u>	<u>116,181</u>	<u>128,818</u>	<u>129,672</u>	<u>134,885</u>
Total	\$441,487	\$447,561	\$456,103	\$470,703	\$490,239

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

III. Financial Summary (Continued--O&M \$ in thousands):

B. Reconciliation Summary

Baseline Funding	Change FY 1997/1997	Change FY 1997/1998	Change FY 1998/1999
Congressional Adjustments	\$447,561	\$456,103	\$470,703
Price Change	8,542		
Reprogrammings/Transfers		19,053	19,659
Functional Transfers			
Transfers In/Out			
Program Changes	-	-4,453	-123
Current Estimate	\$456,103	\$470,703	\$490,239

C. OP-32 Line Item (See Exhibit OP-32)

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (O&M \$ in thousands)

1. FY 1997 President's Budget Request		\$447,561
2. Congressional adjustments		8,542
Congressional Increase	+8,542	
3. FY 1997 Appropriated		\$456,103
4. FY 1997 Current Estimate		\$456,103
5. Price Growth		19,053
6. Program Decrease		
Reduction reflects a decline in active duty population eligible for emergency medical care and implementation of initiatives to reduce costs by improving program management.	-4,453	
Total Program Decrease		-4,453
7. FY 1998 Budget Request		\$470,703
8. Price Growth		19,659

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

D. Reconciliation of Increases and Decreases (O&M \$ in thousands) (continued)

9. Program Decrease

Reduction reflects a decline in active duty population eligible for emergency medical care

-123

Total Program Decrease

-123

7. FY 1999 Budget Request

\$490,239

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

IV. Performance Criteria and Evaluation Summary:

	<u>FY 1996 ACTUAL</u>	<u>FY 1997 ESTIMATE</u>	<u>FY 1998 ESTIMATE</u>	<u>FY 1999 ESTIMATE</u>	<u>FY97/FY98 CHANGE</u>	<u>FY98/FY99 CHANGE</u>
USTF Eligible Beneficiaries (DoD only)	107,100	107,100	107,100	107,100	0	0
Active Duty Personnel	1,645,964	1,612,865	1,590,461	1,580,004	-22,404	-10,457

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

V. Personnel Summary 1/

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Change FY97/FY98</u>	<u>Change FY98/FY99</u>
<u>Active Military End Strength/1</u>						
Officer	0	0	0	0	0	0
Enlisted	0	0	0	0	0	0
Total Military	0	0	0	0	0	0
<u>Civilian End Strength/1</u>						
U.S. Direct Hire	0	0	0	0	0	0
Foreign National Direct Hire	0	0	0	0	0	0
Total Direct Hire	0	0	0	0	0	0
Foreign National Indirect Hire	0	0	0	0	0	0
Total Civilians	0	0	0	0	0	0
<u>Active Military Workyears</u>						
Officer	0	0	0	0	0	0
Enlisted	0	0	0	0	0	0
Total Military Workyears	0	0	0	0	0	0
<u>Civilian Workyears</u>						
U.S. Direct Hire	0	0	0	0	0	0
Foreign National Direct Hire	0	0	0	0	0	0
Total Direct Hire	0	0	0	0	0	0
Foreign National Indirect Hire	0	0	0	0	0	0
Total Civilian Workyears	0	0	0	0	0	0

1/ Included to show a unified medical program. Active military personnel funding and all end strengths, military and civilian, are retained by the individual Military Departments for purposes of budget formulation and execution in accordance with the DEPSECDEF memorandum, "Strengthening the Medical Functions of the Department of Defense," dated October 1, 1991

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINE Care Non-Defense						
308 Travel of Persons	3751	0	2.20	83	-282	3552
399 Total Travel	3751	0		83	-282	3552
401 DFSC Fuel	0	0	1.30	0	0	0
402 Service Fund Fuel	0	0	1.30	0	0	0
411 Army Sup & Mat	0	0	-6.00	0	0	0
412 Navy Sup & Mat	0	0	8.60	0	0	0
414 AF Sup & Mat	0	0	-1.20	0	0	0
415 DLA Sup & Mat	0	0	-2.10	0	0	0
416 GSA Sup & Mat	0	0	2.20	0	0	0
417 Local Proc Sup & Mat	0	0	2.20	0	0	0
499 Total Sup & Mat	0	0		0	0	0
502 Army Fund Equipt	0	0	-6.00	0	0	0
503 Navy Fund Equipt	0	0	8.60	0	0	0
505 AF Fund Equipt	0	0	-1.20	0	0	0
506 DLA Fund Equipt	0	0	-2.10	0	0	0
507 GSA Fund Equipt	0	0	2.20	0	0	0
599 Total Fund Equipt	0	0		0	0	0
602 Army Depot Cmd Maint	0	0	6.90	0	0	0
611 Naval Surface War Ctr	0	0	-2.50	0	0	0
615 Data Automat Ctr Navy	0	0	-7.30	0	0	0
620 Fleet Aux Ships Navy	0	0	2.20	0	1157	1157
630 Naval Rsch Lab	0	0	5.30	0	0	0
631 Naval Civil Engrn Ctr	0	0	-6.50	0	0	0
633 Naval Pub & Pmt Svc	0	0	9.40	0	0	0

CND

120

Exhibit OP-32

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINE Care Non-Defense						
634 Nav Pub Wrks Ctr: Utilities	0	0	-0.30	0	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	0	0	2.10	0	0	0
637 Naval Shipyards	0	0	14.50	0	0	0
653 Airlift Svcs Trng & Ops	0	0	29.40	0	0	0
671 Communications Svc	0	0	-4.30	0	0	0
673 Def Finance & Acct Svc	0	0	11.40	0	0	0
679 Cost Reimbursible Svc	0	0	2.20	0	0	0
699 Total Purchases	0	0			1157	1157
701 MAC Cargo	0	0	3.00	0	0	0
702 MAC SAAM	0	0	-0.50	0	0	0
711 MSC Cargo	0	0	11.20	0	0	0
721 MTMC Port Handling	0	0	-6.80	0	0	0
725 MTMC Other	0	0	7.80	0	0	0
771 Commercial Transportation	0	0	2.20	0	0	0
799 Total Transportation	0	0			0	0
9XX Civ Pay Reimburs Host	0	0	3.00	0	0	0
901 Foreign Nat Ind Hire	0	0	3.00	0	0	0
902 Separation Liability	0	0	3.00	0	0	0
912 Rental Pay to GSA	0	0	2.20	0	0	0
913 Purchased Utilities	0	0	2.20	0	0	0
914 Purchased Communica	4	0	2.20	0	-4	0
915 Rents non GSA	0	0	2.20	0	0	0
917 Postal Svcs	0	0	2.50	0	0	0
920 Supplies & Mat	10	0	2.20	0	217	227
921 Printing & Reproduct	0	0	2.20	0	0	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	Care Non-Defense	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
922	Equipt Maint Contract	0	0	2.20	0	0	0
923	Facility Maint Contract	0	0	2.20	0	0	0
925	Equipt Purchases	0	0	2.20	0	0	0
926	Overseas Purchases	0	0	2.20	0	0	0
930	Other Depot Maint	0	0	2.20	0	0	0
931	Contract Consultants	0	0	2.20	0	0	0
932	Mgmt & Prof Spt Svc	0	0	2.20	0	0	0
933	Studies Analysis Eval	0	0	2.20	0	0	0
934	Engineering Tech Svc	0	0	2.20	0	0	0
937	Fuel	0	0	2.20	0	0	0
988	Grants	0	0	2.20	0	0	0
989	Other Contracts	122722	72	3.90	4789	-3701	123882
998	Other Costs*	315000	0	3.90	12285	0	327285
999	Total Purchases	437736	72		17074	-3488	451394
9999	TOTAL	441487	72		17157	-2613	456103

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
LINE Care Non-Defense						
308 Travel of Persons	3552	0	2.10	75	161	3788
399 Total Travel	3552	0		75	161	3788
401 DFSC Fuel	0	0	19.70	0	0	0
402 Service Fund Fuel	0	0	19.70	0	0	0
411 Army Sup & Mat	0	0	2.30	0	0	0
412 Navy Sup & Mat	0	0	26.30	0	0	0
414 AF Sup & Mat	0	0	19.30	0	0	0
415 DLA Sup & Mat	0	0	1.60	0	0	0
416 GSA Sup & Mat	0	0	2.10	0	0	0
417 Local Proc Sup & Mat	0	0	2.10	0	0	0
499 Total Sup & Mat	0	0		0	0	0
502 Army Fund Equipt	0	0	2.30	0	0	0
503 Navy Fund Equipt	0	0	26.30	0	0	0
505 AF Fund Equipt	0	0	19.30	0	0	0
506 DLA Fund Equipt	0	0	1.60	0	0	0
507 GSA Fund Equipt	0	0	2.10	0	0	0
599 Total Fund Equipt	0	0		0	0	0
602 Army Depot Cmd Maint	0	0	4.00	0	0	0
611 Naval Surface War Ctr	0	0	12.20	0	0	0
615 Data Automat Ctr Navy	0	0	6.80	0	0	0
620 Fleet Aux Ships Navy	1157	0	2.10	24	98	1279
630 Naval Rsch Lab	0	0	-2.00	0	0	0
631 Naval Civil Engrnr Ctr	0	0	2.10	0	0	0
633 Naval Pub & Prnt Svc	0	0	-4.00	0	0	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
Care Non-Defense						
634 Nav Pub Wrks Ctr: Utilities	0	0	-1.00	0	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	0	0	0.30	0	0	0
637 Naval Shipyards	0	0	19.60	0	0	0
653 Airlift Svcs Trng & Ops	0	0	19.80	0	0	0
671 Communications Svc	0	0	-11.00	0	0	0
673 Def Finance & Acct Svc	0	0	-12.60	0	0	0
679 Cost Reimbursible Svc	0	0	2.10	0	0	0
699 Total Purchases	1157	0		24	98	1279
701 MAC Cargo	0	0	5.00	0	0	0
702 MAC SAAM	0	0	17.80	0	0	0
711 MSC Cargo	0	0	9.30	0	0	0
721 MTMC Port Handling	0	0	5.70	0	0	0
725 MTMC Other	0	0	-7.90	0	0	0
771 Commercial Transportation	0	0	2.10	0	0	0
799 Total Transportation	0	0		0	0	0
9XX Civ Pay Reimburs Host	0	0	2.85	0	0	0
901 Foreign Nat Ind Hire	0	0	2.85	0	0	0
902 Separation Liability	0	0	2.85	0	0	0
912 Rental Pay to GSA	0	0	0.00	0	0	0
913 Purchased Utilities	0	0	2.10	0	0	0
914 Purchased Communica	0	0	2.10	0	0	0
915 Rents non GSA	0	0	2.10	0	0	0
917 Postal Svcs	0	0	0.00	0	0	0
920 Supplies & Mat	227	0	2.10	5	0	232
921 Printing & Reproduct	0	0	2.10	0	0	0

CND

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1997</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1998</u> <u>Program</u>
LINE Care Non-Defense						
922 Equipt Maint Contract	0	0	2.10	0	0	0
923 Facility Maint Contract	0	0	2.10	0	0	0
925 Equipt Purchases	0	0	2.10	0	0	0
926 Overseas Purchases	0	0	2.10	0	0	0
930 Other Depot Maint	0	0	2.10	0	0	0
931 Contract Consultants	0	0	2.10	0	0	0
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0	0
933 Studies Analysis Eval	0	0	2.10	0	0	0
934 Engineering Tech Svc	0	0	2.10	0	0	0
937 Fuel	0	0	2.10	0	0	0
988 Grants	0	0	2.10	0	0	0
989 Other Contracts	123882	0	4.20	5203	-4712	124373
998 Other Costs*	327285	0	4.20	13746	0	341031
999 Total Purchases	451394	0		18954	-4712	465636
9999 TOTAL	456103	0		19053	-4453	470703

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE Care Non-Defense						
308 Travel of Persons	3788	0	2.10	80	26	3894
399 Total Travel	3788	0		80	26	3894
401 DFSC Fuel	0	0	-4.40	0	0	0
402 Service Fund Fuel	0	0	-4.40	0	0	0
411 Army Sup & Mat	0	0	2.20	0	0	0
412 Navy Sup & Mat	0	0	-3.00	0	0	0
414 AF Sup & Mat	0	0	0.00	0	0	0
415 DLA Sup & Mat	0	0	-1.00	0	0	0
416 GSA Sup & Mat	0	0	2.10	0	0	0
417 Local Proc Sup & Mat	0	0	2.10	0	0	0
499 Total Sup & Mat	0	0		0	0	0
502 Army Fund Equipt	0	0	2.20	0	0	0
503 Navy Fund Equipt	0	0	-3.00	0	0	0
505 AF Fund Equipt	0	0	0.00	0	0	0
506 DLA Fund Equipt	0	0	-1.00	0	0	0
507 GSA Fund Equipt	0	0	2.10	0	0	0
599 Total Fund Equipt	0	0		0	0	0
602 Army Depot Cmd Maint	0	0	0.50	0	0	0
611 Naval Surface War Ctr	0	0	-0.70	0	0	0
615 Data Automat Ctr Navy	0	0	2.60	0	0	0
620 Fleet Aux Ships Navy	1279	0	2.10	27	33	1339
630 Naval Rsch Lab	0	0	12.10	0	0	0
631 Naval Civil Engnr Ctr	0	0	2.70	0	0	0
633 Naval Pub & Prnt Svc	0	0	2.70	0	0	0

CND

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE Care Non-Defense						
634 Nav Pub Wrks Ctr: Utilities	0	0	-3.00	0	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	0	0	0.20	0	0	0
637 Naval Shipyards	0	0	-10.80	0	0	0
653 Airlift Svcs Trng & Ops	0	0	-2.50	0	0	0
671 Communications Svc	0	0	-12.30	0	0	0
673 Def Finance & Acct Svc	0	0	-0.10	0	0	0
679 Cost Reimbursible Svc	0	0	2.10	0	0	0
699 Total Purchases	1279	0		27	33	1339
701 MAC Cargo	0	0	5.00	0	0	0
702 MAC SAAM	0	0	-1.50	0	0	0
711 MSC Cargo	0	0	4.80	0	0	0
721 MTMC Port Handling	0	0	-1.20	0	0	0
725 MTMC Other	0	0	-0.30	0	0	0
771 Commercial Transportation	0	0	2.10	0	0	0
799 Total Transportation	0	0		0	0	0
9XX Civ Pay Reimburs Host	0	0	2.20	0	0	0
901 Foreign Nat Ind Hire	0	0	2.20	0	0	0
902 Separation Liability	0	0	2.20	0	0	0
912 Rental Pay to GSA	0	0	0.00	0	0	0
913 Purchased Utilities	0	0	2.10	0	0	0
914 Purchased Communica	0	0	2.10	0	0	0
915 Rents non GSA	0	0	2.10	0	0	0
917 Postal Svcs	0	0	0.00	0	0	0
920 Supplies & Mat	232	0	2.10	5	0	237
921 Printing & Reproduct	0	0	2.10	0	0	0

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE Care Non-Defense	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
922 Equipt Maint Contract	0	0	2.10	0	0	0
923 Facility Maint Contract	0	0	2.10	0	0	0
925 Equipt Purchases	0	0	2.10	0	0	0
926 Overseas Purchases	0	0	2.10	0	0	0
930 Other Depot Maint	0	0	2.10	0	0	0
931 Contract Consultants	0	0	2.10	0	0	0
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0	0
933 Studies Analysis Eval	0	0	2.10	0	0	0
934 Engineering Tech Svc	0	0	2.10	0	0	0
937 Fuel	0	0	2.10	0	0	0
988 Grants	0	0	2.10	0	0	0
989 Other Contracts	124373	0	4.20	5224	-182	129415
998 Other Costs*	341031	0	4.20	14323	0	355354
999 Total Purchases	465636	0		19552	-182	485006
9999 TOTAL	470703	0		19659	-123	490239

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Detail By Sub-Activity Group: Education and Training

I. Description of Operations Financed: This Sub-activity Group provides support for worldwide medical education and training for active duty personnel, civilian medical personnel and students. This program includes the Health Professions Scholarship Program (HPSP), Financial Assistance Program (FAP) residencies, precommissioning professional scholarship programs, initial skills training, and specialized skills training. Funding levels in this submission for HPSP do not reflect an increase in scholarships to offset the closure of USUHS.

II. Force Structure Summary: Education and training resources provide tuition and other educational expenses for HPSP participants and training of active duty and civilian medical personnel. The training loads in the education and training program have been reduced to reflect DoD declining medical force levels.

III. Financial Summary (\$ in Thousands):

A. Sub-Activity Group: Education and Training

	FY 1996 <u>Actual</u>	FY 1997		FY 1998 Current <u>Estimate</u>	FY 1999 Current <u>Estimate</u>
		<u>Budget Request</u>	<u>Appropriated</u>		
Health Care Precommissioning Program	74,081	83,995	80,842	85,623	92,560
Education and Training	147,719	123,236	142,501	163,549	173,936
Total	221,800	207,231	223,343	249,172	266,496

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

III. Financial Summary (Continued--\$ in Thousands):

B. Reconciliation Summary:

	<u>Change FY 1997 / FY 1997</u>	<u>Change FY 1997 / FY 1998</u>	<u>Change FY 1998 / FY 1999</u>
Baseline Funding			
Congressional Adjustments	207,231	223,343	249,172
Supplemental Request	+16,112	0	0
Price Change	0	0	0
Functional Transfer	0	+10,772	+11,056
Program Changes	0	0	0
Current Estimate	0	+15,057	+6,268
	223,343	249,172	266,496

C. OP-32 Line Item: See Exhibit OP-32

D. Reconciliation Summary: Increases and Decreases

1. FY 1997 Budget Request	\$207,231
2. Congressional Adjustment	\$16,112
3. FY 1997 Appropriated	\$223,343
4. FY 1997 Current Estimate	\$223,343
5. Price Growth	\$10,772

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

6. Program Increases	\$17,115
a. Increase in Air Force Aerovac training.	
Meets the needs of new Air Force doctrine to rapidly evacuate and replace casualties. Ensure operational skills are learned to allow the effective application of medical skills in the air evacuation environment.	+\$8,500
b. Increase in Navy readiness training.	
Supports Individual Medical readiness training, Fleet Hospital training, FMF training, and Hospital Shipboard training required by Medical Readiness Strategic Plan and programming guidance.	+\$4,700
c. Quotas Increase in Support of Prevention Education.	
This education is critical to maintaining an optimally healthy and fit Air Force. It will be the leader in disease prevention and health promotion to building healthy communities, which will result in a generally healthier global Air Force population.	+3,915
7. Program Decreases	-\$2,058
a. Specialized skill training decrease corresponds to the reduction in certified military health care professional end strengths (including selected reserve).	-\$2,058
8. FY 1998 Current Estimate	\$249,172
9. Price Growth	\$11,056

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

10. Program Increases		\$6,996
a. Increase in Air Force Aerovac training.		
	Supports development of critical care augmentation teams and utilization of emerging technologies in life support that will facilitate delivery of critical care in the air. Allows all deployable personnel to gain experience with equipment, procedures, and processes required for successful contingency operations.	+\$2,400
b. Increase in Navy & Air Force readiness training.		
	Increase supports Medical Readiness Strategic Plan	+\$3,096
c. HPSP Scholarships.		
	Increase essential to maintain dental corps strength.	+\$1,500
11. Program Decreases		-\$728
a. Specialized Skills Training Population Impact		-\$728
12. FY 1999 Current Estimate		\$266,496

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

IV. Performance Criteria and Evaluation: Education and Training

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
HPSP	3,662	3,727	3,764	3,798
FAP	350	348	348	348
Total	4,012	4,075	4,112	4,146

**Defense Health Program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

V. Personnel Summary:

Active Military End Strength

Officer

Enlisted

Total Military End Strength

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Change FY1997/1998</u>	<u>Change FY 1998/1999</u>
Officer	6,889	6,458	6,717	6,691	259	-26
Enlisted	<u>7,166</u>	<u>7,237</u>	<u>7,233</u>	<u>7,230</u>	<u>-4</u>	<u>-3</u>
Total Military End Strength	14,055	13,695	13,950	13,921	255	-29

Civilian End Strength

U.S. Direct Hire

Foreign National Direct Hire

Total Direct Hire

Foreign National Indirect Hire

Total Civilian End Strength

U.S. Direct Hire	832	653	667	649	14	-18
Foreign National Direct Hire	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Direct Hire	832	653	667	649	14	-18
Foreign National Indirect Hire	<u>7</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Civilian End Strength	839	653	667	649	14	-18

Military Workyears

Officer

Enlisted

Total

Officer	7,056	6,674	6,588	6,704	-86	116
Enlisted	<u>6,626</u>	<u>7,202</u>	<u>7,235</u>	<u>7,232</u>	<u>33</u>	<u>-3</u>
Total	13,682	13,876	13,823	13,936	-53	113

Civilian Workyears (Total)

U.S. Direct Hire

Foreign National Direct Hire

Total Direct Hire

Foreign National Indirect Hire

Total Civilian Workyears

U.S. Direct Hire	883	777	790	749	13	-41
Foreign National Direct Hire	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Direct Hire	883	777	790	749	13	-41
Foreign National Indirect Hire	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>0</u>	<u>0</u>
Total Civilian Workyears	809	784	797	756	13	-41

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINE Education & Training						
308 Travel of Persons	47696	0	2.20	1049	7136	55881
399 Total Travel	47696	0		1049	7136	55881
401 DFSC Fuel	7	0	1.30	0	7	14
402 Service Fund Fuel	0	0	1.30	0	0	0
411 Army Sup & Mat	0	0	-6.00	0	0	0
412 Navy Sup & Mat	812	0	8.60	70	-248	634
414 AF Sup & Mat	28	0	-1.20	0	-28	0
415 DLA Sup & Mat	493	0	-2.10	-10	-99	384
416 GSA Sup & Mat	511	0	2.20	11	-55	467
417 Local Proc Sup & Mat	6326	0	2.20	139	25	6490
499 Total Sup & Mat	8177	0		210	-398	7989
502 Army Fund Equipt	0	0	-6.00	0	0	0
503 Navy Fund Equipt	647	0	8.60	56	-525	178
505 AF Fund Equipt	1387	0	-1.20	-17	-76	1294
506 DLA Fund Equipt	12	0	-2.10	0	-6	6
507 GSA Fund Equipt	668	0	2.20	15	-331	352
599 Total Fund Equipt	2714	0		54	-938	1830
602 Army Depot Cmd Maint	0	0	6.90	0	0	0
611 Naval Surface War Ctr	0	0	-2.50	0	0	0
615 Data Automat Ctr Navy	189	0	-7.30	-14	-145	30
620 Fleet Aux Ships Navy	0	0	2.20	0	0	0
630 Naval Rsch Lab	7	0	5.30	0	-4	3
631 Naval Civil Engrn Ctr	0	0	-6.50	0	0	0
633 Naval Pub & Pmt Svc	3571	0	9.40	336	-1467	2440

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINE Education & Training						
634 Nav Pub Wrks Ctr: Utilities	0	0	-0.30	0	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	178	0	2.10	4	-151	31
637 Naval Shipyards	0	0	14.50	0	0	0
653 Airlift Svcs Trng & Ops	0	0	29.40	0	0	0
671 Communications Svc	115	0	-4.30	-5	-91	19
673 Def Finance & Acct Svc	0	0	11.40	0	0	0
679 Cost Reimbursible Svc	0	0	2.20	0	0	0
699 Total Purchases	4060	0		321	-1858	2523
701 MAC Cargo	0	0	3.00	0	0	0
702 MAC SAAM	0	0	-0.50	0	0	0
711 MSC Cargo	0	0	11.20	0	0	0
721 MTMC Port Handling	0	0	-6.80	0	0	0
725 MTMC Other	0	0	7.80	0	0	0
771 Commercial Transportation	202	0	2.20	4	-12	194
799 Total Transportation	202	0		4	-12	194
9XX Civ Pay Reimburs Host	36155	0	3.00	1085	-4567	32673
901 Foreign Nat Ind Hire	222	0	3.00	7	27	256
902 Separation Liability	515	0	3.00	15	-214	316
912 Rental Pay to GSA	106	0	2.20	2	-1	107
913 Purchased Utilities	12	0	2.20	0	18	30
914 Purchased Communica	18	0	2.20	0	-3	15
915 Rents non GSA	195	0	2.20	4	90	289
917 Postal Svcs	589	0	2.50	15	1	605
920 Supplies & Mat	9801	0	2.20	216	-548	9469
921 Printing & Reproduct	1062	0	2.20	23	-519	566

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1996</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1997</u> <u>Program</u>
LINE Education & Training						
922 Equipt Maint Contract	2358	0	2.20	52	-1742	668
923 Facility Maint Contract	389	0	2.20	9	-283	115
925 Equipt Purchases	5602	0	2.20	123	-3028	2697
926 Overseas Purchases	172	0	2.20	4	-146	30
930 Other Depot Maint	132	0	2.20	3	-111	24
931 Contract Consultants	2576	0	2.20	57	-2296	337
932 Mgmt & Prof Spt Svc	786	0	2.20	17	-803	0
933 Studies Analysis Eval	0	0	2.20	0	0	0
934 Engineering Tech Svc	0	0	2.20	0	0	0
937 Fuel	16	0	2.20	0	-1	15
988 Grants	0	0	2.20	0	0	0
989 Other Contracts	74081	0	9.00	6667	94	80842
998 Other Costs*	24164	0	2.20	532	1176	25872
999 Total Purchases	158951	0		8831	-12856	154926
9999 TOTAL	221800	0		10469	-8926	223343

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
Education & Training						
308 Travel of Persons	55881	0	2.10	1174	12011	69066
399 Total Travel	55881	0		1174	12011	69066
401 DFSC Fuel	14	0	19.70	3	-2	15
402 Service Fund Fuel	0	0	19.70	0	0	0
411 Army Sup & Mat	0	0	2.30	0	0	0
412 Navy Sup & Mat	634	0	26.30	167	-1	800
414 AF Sup & Mat	0	0	19.30	0	0	0
415 DLA Sup & Mat	384	0	1.60	6	330	720
416 GSA Sup & Mat	467	0	2.10	10	43	520
417 Local Proc Sup & Mat	6490	0	2.10	136	1485	8111
499 Total Sup & Mat	7989	0		322	1855	10166
502 Army Fund Equipt	0	0	2.30	0	0	0
503 Navy Fund Equipt	178	0	26.30	47	58	283
505 AF Fund Equipt	1294	0	19.30	250	315	1859
506 DLA Fund Equipt	6	0	1.60	0	0	6
507 GSA Fund Equipt	352	0	2.10	7	35	394
599 Total Fund Equipt	1830	0		304	408	2542
602 Army Depot Cmd Maint	0	0	4.00	0	0	0
611 Naval Surface War Ctr	0	0	12.20	0	0	0
615 Data Automat Ctr Navy	30	0	6.80	2	-5	27
620 Fleet Aux Ships Navy	0	0	2.10	0	0	0
630 Naval Rsch Lab	3	0	-2.00	0	4	7
631 Naval Civil Engrn Ctr	0	0	2.10	0	0	0
633 Naval Pub & Pmt Svc	2440	0	-4.00	-98	332	2674

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
LINE Education & Training						
634 Nav Pub Wrks Ctr: Utilities	0	0	-1.00	0	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	31	0	0.30	0	2	33
637 Naval Shipyards	0	0	19.60	0	0	0
653 Airlift Svcs Trng & Ops	0	0	19.80	0	0	0
671 Communications Svc	19	0	-11.00	-2	1	18
673 Def Finance & Acct Svc	0	0	-12.60	0	0	0
679 Cost Reimbursible Svc	0	0	2.10	0	0	0
699 Total Purchases	2523	0	-98	334	2759	
701 MAC Cargo	0	0	5.00	0	0	0
702 MAC SAAM	0	0	17.80	0	0	0
711 MSC Cargo	0	0	9.30	0	0	0
721 MTMC Port Handling	0	0	5.70	0	0	0
725 MTMC Other	0	0	-7.90	0	0	0
771 Commercial Transportation	194	0	2.10	4	1	199
799 Total Transportation	194	0	4	4	1	199
9XX Civ Pay Reimburs Host	32673	0	2.85	931	438	34042
901 Foreign Nat Ind Hire	256	0	2.85	7	-1	262
902 Separation Liability	316	0	2.85	9	-48	277
912 Rental Pay to GSA	107	0	0.00	0	2	109
913 Purchased Utilities	30	0	2.10	1	2	33
914 Purchased Communica	15	0	2.10	0	7	22
915 Rents non GSA	289	0	2.10	6	86	381
917 Postal Svcs	605	0	0.00	0	0	605
920 Supplies & Mat	9469	0	2.10	199	466	10134
921 Printing & Reproduct	566	0	2.10	12	215	793

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1997</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1998</u> <u>Program</u>
LINE Education & Training						
922 Equipt Maint Contract	668	0	2.10	14	185	867
923 Facility Maint Contract	115	0	2.10	2	28	145
925 Equipt Purchases	2697	0	2.10	57	927	3681
926 Overseas Purchases	30	0	2.10	1	-1	30
930 Other Depot Maint	24	0	2.10	1	0	25
931 Contract Consultants	337	0	2.10	7	-7	337
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0	0
933 Studies Analysis Eval	0	0	2.10	0	0	0
934 Engineering Tech Svc	0	0	2.10	0	0	0
937 Fuel	15	0	2.10	0	3	18
988 Grants	0	0	2.10	0	0	0
989 Other Contracts	80842	0	9.00	7276	-2495	85623
998 Other Costs*	25872	0	2.10	543	641	27056
999 Total Purchases	154926	0		9066	448	164440
9999 TOTAL	223343	0		10772	15057	249172

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE Education & Training						
308 Travel of Persons	69066	0	2.10	1450	4455	74971
399 Total Travel	69066	0		1450	4455	74971
401 DFSC Fuel	15	0	-4.40	-1	1	15
402 Service Fund Fuel	0	0	-4.40	0	0	0
411 Army Sup & Mat	0	0	2.20	0	0	0
412 Navy Sup & Mat	800	0	-3.00	-24	89	865
414 AF Sup & Mat	0	0	0.00	0	0	0
415 DLA Sup & Mat	720	0	-1.00	-7	59	772
416 GSA Sup & Mat	520	0	2.10	11	-4	527
417 Local Proc Sup & Mat	8111	0	2.10	170	725	9006
499 Total Sup & Mat	10166	0		149	870	11185
502 Army Fund Equipt	0	0	2.20	0	0	0
503 Navy Fund Equipt	283	0	-3.00	-8	35	310
505 AF Fund Equipt	1859	0	0.00	0	272	2131
506 DLA Fund Equipt	6	0	-1.00	0	0	6
507 GSA Fund Equipt	394	0	2.10	8	9	411
599 Total Fund Equipt	2542	0		0	316	2858
602 Army Depot Cmd Maint	0	0	0.50	0	0	0
611 Naval Surface War Ctr	0	0	-0.70	0	0	0
615 Data Automat Ctr Navy	27	0	2.60	1	-3	25
620 Fleet Aux Ships Navy	0	0	2.10	0	0	0
630 Naval Rsch Lab	7	0	12.10	1	0	8
631 Naval Civil Engrn Ctr	0	0	2.70	0	0	0
633 Naval Pub & Pmt Svc	2674	0	2.70	72	149	2895

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE Education & Training						
634 Nav Pub Wrks Ctr: Utilities	0	0	-3.00	0	0	0
635 Nav Pub Wrks Ctr: Pub Wrks	33	0	0.20	0	1	34
637 Naval Shipyards	0	0	-10.80	0	0	0
653 Airlift Svcs Trng & Ops	0	0	-2.50	0	0	0
671 Communications Svc	18	0	-12.30	-2	1	17
673 Def Finance & Acct Svc	0	0	-0.10	0	0	0
679 Cost Reimbursible Svc	0	0	2.10	0	0	0
699 Total Purchases	2759	0		72	148	2979
701 MAC Cargo	0	0	5.00	0	0	0
702 MAC SAAM	0	0	-1.50	0	0	0
711 MSC Cargo	0	0	4.80	0	0	0
721 MTMC Port Handling	0	0	-1.20	0	0	0
725 MTMC Other	0	0	-0.30	0	0	0
771 Commercial Transportation	199	0	2.10	4	-1	202
799 Total Transportation	199	0		4	-1	202
9XX Civ Pay Reimburs Host	34042	0	2.20	749	-1898	32893
901 Foreign Nat Ind Hire	262	0	2.20	6	0	268
902 Separation Liability	277	0	2.20	6	3	286
912 Rental Pay to GSA	109	0	0.00	0	2	111
913 Purchased Utilities	33	0	2.10	1	0	34
914 Purchased Communica	22	0	2.10	0	4	26
915 Rents non GSA	381	0	2.10	8	44	433
917 Postal Svcs	605	0	0.00	0	0	605
920 Supplies & Mat	10134	0	2.10	213	120	10467
921 Printing & Reproduct	793	0	2.10	17	99	909

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1998</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1999</u> <u>Program</u>
LINE Education & Training						
922 Equipt Maint Contract	867	0	2.10	18	39	924
923 Facility Maint Contract	145	0	2.10	3	15	163
925 Equipt Purchases	3681	0	2.10	77	151	3909
926 Overseas Purchases	30	0	2.10	1	-1	30
930 Other Depot Maint	25	0	2.10	1	0	26
931 Contract Consultants	337	0	2.10	7	-7	337
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0	0
933 Studies Analysis Eval	0	0	2.10	0	0	0
934 Engineering Tech Svc	0	0	2.10	0	0	0
937 Fuel	18	0	2.10	0	2	20
988 Grants	0	0	2.10	0	0	0
989 Other Contracts	85623	0	9.00	7706	-769	92560
998 Other Costs*	27056	0	2.10	568	2676	30300
999 Total Purchases	164440	0		9381	480	174301
9999 TOTAL	249172	0		11056	6268	266496

**Defense Health program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

Detail By Sub-Activity Group: Uniformed Services University of the Health Sciences (USUHS)

I. Narrative Description: This Sub-activity Group provides for the education of military physicians and graduate education programs leading to masters or doctoral degrees in the biological sciences. The mission is to provide high quality, career dedicated military and Public Health Service physicians. The Vice President's National Performance Review recommended that USUHS be closed and that future physician accessions be obtained from less expensive sources. This program includes an orderly phased closure of USUHS starting in FY 1998 with complete closure by FY 2001.

II. Description of Operations Financed: The Uniformed Services University of the Health Sciences provides for undergraduate medical teaching operations, as well as a limited basic sciences program which is necessary to meet needed teaching requirements and provide graduate education to qualified military personnel assigned to the University for masters and doctoral programs in the biological sciences.

III. Financial Summary (\$ in Thousands):

A. Sub-Activity Group: Uniformed Services University of the Health Sciences

	FY 1996 <u>Actual</u>	FY 1997		FY 1998		FY 1999	
		<u>Budget Request</u>	<u>Appropriated</u>	<u>Current Estimate</u>	<u>Current Estimate</u>	<u>Current Estimate</u>	<u>Current Estimate</u>
USUHS	60,145	52,000	70,450	70,450	51,314	32,168	32,168
Total	60,145	52,000	70,450	70,450	51,314	32,168	32,168

**Defense Health program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

III. Financial Summary (Continued--\$ in Thousands):

B. Reconciliation Summary:

	<u>Change FY 1997 / FY 1997</u>	<u>Change FY 1997 / FY 1998</u>	<u>Change FY 1998 / FY 1999</u>
Baseline Funding			
Congressional Adjustments	52,000	70,450	51,314
Supplemental Request	18,450	0	0
Price Change	0	0	0
Functional Transfer	0	+1,394	+845
Program Changes	0	0	0
Current Estimate	0	-20,530	-19,991
	70,450	51,314	32,168

C. OP-32 Line Item: See Exhibit OP-32

D. Reconciliation Summary: Increases and Decreases

1. FY 1997 Budget Request	\$52,000
2. Congressional Adjustments	
Programmatic Increase, Graduate School of Nursing	+2,050
Head Injury	+1,500
Prisoner of War	+1,000

**Defense Health program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

USUHS		
Graduate Nurse Program	+6,900	
Nursing Research	+2,000	
	+5,000	
Total Congressional Adjustments		+18,450
3. FY 1997 Appropriated		\$70,450
4. FY 1997 Current Estimate		\$70,450
5. Price Growth		\$1,394
7. Program Decreases		
a. Reverse FY 1997 One-Time Congressional Increases		
Head Injury	-14,685	
Prisoner of War	-1,530	
USUHS	-1,020	
Nursing Research	-7,036	
	-5,099	
b. USUHS Phase down	-\$5,845	
Total Program Decreased		-20,530
8. FY 1998 Current Estimate		\$51,314

**Defense Health program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

9. Price Growth		\$845
10. Program Decrease		
a. USUHS Phase Down Continued	-\$19,991	
Total Program Decreased	-\$19,991	
11. FY 1999 Current Estimate		\$32,168

**Defense Health program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

IV. Performance Criteria and Evaluation: Uniformed Services University of the Health Sciences

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Medical Students:				
Medical Student End Strength	672	506	337	165
No. of New Medical Students	165	0	0	0
No. of New Medical Graduates	156	166	169	172
Cumulative No. of Medical Graduates	2,303	2,469	2,638	2,810
Other Graduate Students:				
Graduate End Strength	110	110	75	40
No. of New Graduate Students	33	0	0	0
No. of New Graduates	40	35	35	35
Cumulative No. of Graduates	444	479	514	549

**Defense Health program Appropriation
FY 1998/1999 Biennial Budget Estimates
Operation and Maintenance**

V. Personnel Summary:

Active Military End Strength

Officer

Enlisted

Total Military End Strength

<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>Change FY1997/1998</u>	<u>Change FY 1998/1999</u>
769	764	782	626	18	-156
98	102	102	102	0	0
867	866	884	728	18	-156

Civilian End Strength

U.S. Direct Hire

Foreign National Direct Hire

Total Direct Hire

Foreign National Indirect Hire

Total Civilian End Strength

544	573	499	361	-74	-138
0	0	0	0	0	0
544	573	499	361	-74	-138
0	0	0	0	0	0
544	573	499	361	-74	-138

Military Workyears

Officer

Enlisted

Total

Civilian Workyears (Total)

U.S. Direct Hire

Foreign National Direct Hire

Total Direct Hire

Foreign National Indirect Hire

Total Civilian Workyears

710	767	773	704	6	-69
82	100	102	102	2	0
792	867	875	806	8	-69
568	569	505	472	-64	-33
0	0	0	0	0	0
568	569	505	472	-64	-33
0	0	0	0	0	0
568	569	505	472	-64	-33

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE USUHS	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
308 Travel of Persons	1948	0	2.20	43	-102	1889
399 Total Travel	1948	0		43	-102	1889
401 DFSC Fuel	0	0	1.30	0	0	0
402 Service Fund Fuel	0	0	1.30	0	0	0
411 Army Sup & Mat	0	0	-6.00	0	0	0
412 Navy Sup & Mat	0	0	8.60	0	0	0
414 AF Sup & Mat	0	0	-1.20	0	0	0
415 DLA Sup & Mat	165	0	-2.10	-3	0	0
416 GSA Sup & Mat	120	0	2.20	3	0	162
417 Local Proc Sup & Mat	0	0	2.20	0	0	123
499 Total Sup & Mat	285	0		0	0	0
				0	0	285
502 Army Fund Equipt	0	0	-6.00	0	0	0
503 Navy Fund Equipt	0	0	8.60	0	0	0
505 AF Fund Equipt	0	0	-1.20	0	0	0
506 DLA Fund Equipt	0	0	-2.10	0	0	0
507 GSA Fund Equipt	33	0	2.20	1	0	34
599 Total Fund Equipt	33	0		1	0	34
602 Army Depot Cmd Maint	0	0	6.90	0	0	0
611 Naval Surface War Ctr	0	0	-2.50	0	0	0
615 Data Automat Ctr Navy	0	0	-7.30	0	0	0
620 Fleet Aux Ships Navy	0	0	2.20	0	0	0
630 Naval Rsch Lab	0	0	5.30	0	0	0
631 Naval Civil Engrn Ctr	0	0	-6.50	0	0	0
633 Naval Pub & Prnt Svc	0	0	9.40	0	0	0

USUHS

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
USUHS						
634 Nav Pub Wrks Ctr: Utilities	0	0	-0.30	0	3322	3322
635 Nav Pub Wrks Ctr: Pub Wrks	0	0	2.10	0	598	598
637 Naval Shipyards	0	0	14.50	0	0	0
653 Airlift Svcs Trng & Ops	0	0	29.40	0	0	0
671 Communications Svc	0	0	-4.30	0	580	580
673 Def Finance & Acct Svc	0	0	11.40	0	912	912
679 Cost Reimbursible Svc	0	0	2.20	0	112	112
699 Total Purchases	0	0	0	0	5524	5524
701 MAC Cargo	0	0	3.00	0	0	0
702 MAC SAAM	0	0	-0.50	0	0	0
711 MSC Cargo	0	0	11.20	0	0	0
721 MTMC Port Handling	0	0	-6.80	0	0	0
725 MTMC Other	0	0	7.80	0	0	0
771 Commercial Transportation	55	0	2.20	1	27	83
799 Total Transportation	55	0	2.20	1	27	83
9XX Civ Pay Reimburs Host	29737	0	3.00	892	1166	31795
901 Foreign Nat Ind Hire	0	0	3.00	0	0	0
902 Separation Liability	0	0	3.00	0	301	301
912 Rental Pay to GSA	210	0	2.20	5	-215	0
913 Purchased Utilities	3355	0	2.20	74	-3429	0
914 Purchased Communica	509	0	2.20	11	-520	0
915 Rents non GSA	52	0	2.20	1	180	233
917 Postal Svcs	127	0	2.50	3	0	130
920 Supplies & Mat	2451	0	2.20	54	194	2699
921 Printing & Reproduct	116	0	2.20	3	-17	102

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE USUHS	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
922 Equipt Maint Contract	828	0	2.20	18	-65	781
923 Facility Maint Contract	1493	0	2.20	33	-1526	0
925 Equipt Purchases	1876	0	2.20	41	-1573	344
926 Overseas Purchases	0	0	2.20	0	0	0
930 Other Depot Maint	0	0	2.20	0	0	0
931 Contract Consultants	0	0	2.20	0	0	0
932 Mgmt & Prof Spt Svc	34	0	2.20	1	-35	0
933 Studies Analysis Eval	0	0	2.20	0	0	0
934 Engineering Tech Svc	0	0	2.20	0	0	0
937 Fuel	0	0	2.20	0	0	0
988 Grants	12797	0	2.20	282	-4219	8860
989 Other Contracts	4239	0	2.20	93	13058	17390
998 Other Costs*	0	0	2.20	0	0	0
999 Total Purchases	57824	0		1511	3300	62635
9999 TOTAL	60145	0		1556	8749	70450

USUHS

152

Exhibit OP-32

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
USUHS						
308 Travel of Persons	1889	0	2.10		-840	1089
399 Total Travel	1889	0			-840	1089
401 DFSC Fuel	0	0	19.70		0	0
402 Service Fund Fuel	0	0	19.70		0	0
411 Army Sup & Mat	0	0	2.30		0	0
412 Navy Sup & Mat	0	0	26.30		0	0
414 AF Sup & Mat	0	0	19.30		0	0
415 DLA Sup & Mat	162	0	1.60		-66	99
416 GSA Sup & Mat	123	0	2.10		-30	96
417 Local Proc Sup & Mat	0	0	2.10		0	0
499 Total Sup & Mat	285	0			-96	195
502 Army Fund Equipt	0	0	2.30		0	0
503 Navy Fund Equipt	0	0	26.30		0	0
505 AF Fund Equipt	0	0	19.30		0	0
506 DLA Fund Equipt	0	0	1.60		0	0
507 GSA Fund Equipt	34	0	2.10		-10	25
599 Total Fund Equipt	34	0			-10	25
602 Army Depot Cmd Maint	0	0	4.00		0	0
611 Naval Surface War Ctr	0	0	12.20		0	0
615 Data Automat Ctr Navy	0	0	6.80		0	0
620 Fleet Aux Ships Navy	0	0	2.10		0	0
630 Naval Rsch Lab	0	0	-2.00		0	0
631 Naval Civil Engnr Ctr	0	0	2.10		0	0
633 Naval Pub & Pmt Svc	0	0	-4.00		0	0

USUHS

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
USUHS						
634 Nav Pub Wrks Ctr: Utilities	3322	0	-1.00	-33	-291	2998
635 Nav Pub Wrks Ctr: Pub Wrks	598	0	0.30	2	-88	512
637 Naval Shipyards	0	0	19.60	0	0	0
653 Airlift Svcs Trng & Ops	0	0	19.80	0	0	0
671 Communications Svc	580	0	-11.00	-64	-23	493
673 Def Finance & Acct Svc	912	0	-12.60	-115	219	1016
679 Cost Reimbursible Svc	112	0	2.10	2	1	115
699 Total Purchases	5524	0		-208	-182	5134
701 MAC Cargo	0	0	5.00	0	0	0
702 MAC SAAM	0	0	17.80	0	0	0
711 MSC Cargo	0	0	9.30	0	0	0
721 MTMC Port Handling	0	0	5.70	0	0	0
725 MTMC Other	0	0	-7.90	0	0	0
771 Commercial Transportation	83	0	2.10	2	-20	65
799 Total Transportation	83	0		2	-20	65
9XX Civ Pay Reimburs Host	31795	0	2.85	906	-2596	30105
901 Foreign Nat Ind Hire	0	0	2.85	0	0	0
902 Separation Liability	301	0	2.85	9	-67	243
912 Rental Pay to GSA	0	0	0.00	0	0	0
913 Purchased Utilities	0	0	2.10	0	0	0
914 Purchased Communica	0	0	2.10	0	0	0
915 Rents non GSA	233	0	2.10	5	-100	138
917 Postal Svcs	130	0	0.00	0	-35	95
920 Supplies & Mat	2699	0	2.10	57	-707	2049
921 Printing & Reproduct	102	0	2.10	2	-20	84

USUHS

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	<u>FY1997</u>	<u>Foreign</u>	<u>Price</u>	<u>Price</u>	<u>FY1998</u>		
USUHS	<u>Program</u>	<u>Currency</u>	<u>Growth</u>	<u>Growth</u>	<u>Program</u>		
		<u>Adjust</u>	<u>Percent</u>	<u>Amount</u>	<u>Growth</u>		
922	Equipt Maint Contract	781	0	2.10	16	-398	399
923	Facility Maint Contract	0	0	2.10	0	0	0
925	Equipt Purchases	344	0	2.10	7	-7	344
926	Overseas Purchases	0	0	2.10	0	0	0
930	Other Depot Maint	0	0	2.10	0	0	0
931	Contract Consultants	0	0	2.10	0	0	0
932	Mgmt & Prof Spt Svc	0	0	2.10	0	0	0
933	Studies Analysis Eval	0	0	2.10	0	0	0
934	Engineering Tech Svc	0	0	2.10	0	0	0
937	Fuel	0	0	2.10	0	0	0
988	Grants	8860	0	2.10	186	-2046	7000
989	Other Contracts	17390	0	2.10	365	-13406	4349
998	Other Costs*	0	0	2.10	0	0	0
999	Total Purchases	62635	0		1553	-19382	44806
9999	TOTAL	70450	0		1394	-20530	51314

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
USUHS						
308 Travel of Persons	1089	0	2.10	23	-23	1089
399 Total Travel	1089	0		23	-23	1089
401 DFSC Fuel	0	0	-4.40	0	0	0
402 Service Fund Fuel	0	0	-4.40	0	0	0
411 Army Sup & Mat	0	0	2.20	0	0	0
412 Navy Sup & Mat	0	0	-3.00	0	0	0
414 AF Sup & Mat	0	0	0.00	0	0	0
415 DLA Sup & Mat	99	0	-1.00	-1	-51	47
416 GSA Sup & Mat	96	0	2.10	2	-60	38
417 Local Proc Sup & Mat	0	0	2.10	0	0	0
499 Total Sup & Mat	195	0		1	-111	85
502 Army Fund Equipt	0	0	2.20	0	0	0
503 Navy Fund Equipt	0	0	-3.00	0	0	0
505 AF Fund Equipt	0	0	0.00	0	0	0
506 DLA Fund Equipt	0	0	-1.00	0	0	0
507 GSA Fund Equipt	25	0	2.10	1	-10	16
599 Total Fund Equipt	25	0		1	-10	16
602 Army Depot Cmd Maint	0	0	0.50	0	0	0
611 Naval Surface War Ctr	0	0	-0.70	0	0	0
615 Data Automat Ctr Navy	0	0	2.60	0	0	0
620 Fleet Aux Ships Navy	0	0	2.10	0	0	0
630 Naval Rsch Lab	0	0	12.10	0	0	0
631 Naval Civil Engrnr Ctr	0	0	2.70	0	0	0
633 Naval Pub & Pmt Svc	0	0	2.70	0	0	0

USUHS

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
USUHS						
634 Nav Pub Wrks Ctr: Utilities	2998	0	-3.00	-90	-640	2268
635 Nav Pub Wrks Ctr: Pub Wrks	512	0	0.20	1	-190	323
637 Naval Shipyards	0	0	-10.80	0	0	0
653 Airlift Svcs Trng & Ops	0	0	-2.50	0	0	0
671 Communications Svc	493	0	-12.30	-61	-78	354
673 Def Finance & Acct Svc	1016	0	-0.10	-1	-100	915
679 Cost Reimbursible Svc	115	0	2.10	2	-22	95
699 Total Purchases	5134	0		-149	-1030	3955
701 MAC Cargo	0	0	5.00	0	0	0
702 MAC SAAM	0	0	-1.50	0	0	0
711 MSC Cargo	0	0	4.80	0	0	0
721 MTMC Port Handling	0	0	-1.20	0	0	0
725 MTMC Other	0	0	-0.30	0	0	0
771 Commercial Transportation	65	0	2.10	1	-21	45
799 Total Transportation	65	0		1	-21	45
9XX Civ Pay Reimburs Host	30105	0	2.20	662	-8816	21951
901 Foreign Nat Ind Hire	0	0	2.20	0	0	0
902 Separation Liability	243	0	2.20	5	-60	188
912 Rental Pay to GSA	0	0	0.00	0	0	0
913 Purchased Utilities	0	0	2.10	0	0	0
914 Purchased Communica	0	0	2.10	0	0	0
915 Rents non GSA	138	0	2.10	3	-100	41
917 Postal Svcs	95	0	0.00	0	-40	55
920 Supplies & Mat	2049	0	2.10	43	-943	1149
921 Printing & Reproduct	84	0	2.10	2	-40	46

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

LINE USUHS	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
922 Equip Maint Contract	399	0	2.10	8	-248	159
923 Facility Maint Contract	0	0	2.10	0	0	0
925 Equip Purchases	344	0	2.10	7	-193	158
926 Overseas Purchases	0	0	2.10	0	0	0
930 Other Depot Maint	0	0	2.10	0	0	0
931 Contract Consultants	0	0	2.10	0	0	0
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0	0
933 Studies Analysis Eval	0	0	2.10	0	0	0
934 Engineering Tech Svc	0	0	2.10	0	0	0
937 Fuel	0	0	2.10	0	0	0
988 Grants	7000	0	2.10	147	-4247	2900
989 Other Contracts	4349	0	2.10	91	-4109	331
998 Other Costs*	0	0	2.10	0	0	0
999 Total Purchases	44806	0		968	-18796	26978
9999 TOTAL	51314	0		845	-19991	32168

USUHS

158

Exhibit OP-32

**Defense Health Program Appropriation
FY 1998/FY 1999 Biennial Budget Estimates
Operation and Maintenance**

Sub-activity Group: Base Operations Support

I. Description of Operations Financed: Base Operations (BASOPS) refers to the resources dedicated to the operation and maintenance of Defense Health Program (DHP) facilities. The DHP's BASOPS provides for facilities and services at military medical activities supporting active duty combat forces, reserve and guard components, training, military dependents, eligible retirees, and family members. The program consists of seven components:

Environmental - costs required to comply with environmental laws, regulations, criteria, and standards. This applies to manpower, training, travel, and supplies.

Minor Construction - all construction costs less than the statutory maximum amount for minor military construction projects as established by section 2805 of Title 10 U.S.C. in support of medical centers and other installations with a primary mission of health care.

Maintenance and Repair - costs required to execute maintenance and repair of utilities, buildings, other facilities, pavements, land, and grounds. This includes, but is not limited to, such things as repair of electrical circuitry, heating and air conditioning, water piping, and routine maintenance work such as caulking, painting, etc. in medical centers and other installations with a primary mission of health care.

Visual Information Systems - costs required to provide manpower, travel, contractual service, procurement of supplies and materials, expense equipment, necessary facilities and the associated costs specifically identifiable to visual information productions, services, and support.

Base Communications - costs required to provide base communication resources to DHP medical activities. This includes non-tactical, non-DCS base communications facilities and equipment systems that provide local communications worldwide to installations and activities.

Base Operation Support - costs required to provide comptroller services, ADP services, information activities, legal activities, civilian personnel administration, military personnel administration, printing and reproduction, installation safety, management analysis/engineering services, retail supply operations, supply activities, procurement operations, storage activities, transportation activities, physical security and police activities, laundry and dry cleaning, food services, and morale, welfare and recreation activities.

**Defense Health Program Appropriation
FY 1998/FY 1999 Biennial Budget Estimates
Operation and Maintenance**

Real Property Services - Two new program elements were established in FY 1995 for CONUS and OCONUS costs. In previous periods, the costs were included within Base Operation Support program elements. As now defined, costs include purchased utilities, air conditioning and refrigeration, utility fuels, fire protection, crash rescue, snow and ice removal, entomological services, elevator maintenance/inspections, custodial services, refuse collection and disposal, sewer and waste systems, rental of real property, facility engineering and public works management, other installation engineering services and other annual service requirements performed in-house or by contract.

II. Force Structure Summary:

	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>
Hospitals/Medical Centers	115	107	98	98	98	98	98
Medical Clinics	471	480	489	489	489	489	489

**Defense Health Program Appropriation
FY 1998/FY 1999 Biennial Budget Estimates
Operation and Maintenance**

III. Financial Summary (\$ in Thousands):

A. Sub-Activity Group: Base Operations Support

	<u>FY 1996</u>	<u>FY 1997</u>			<u>FY 1998 Budget Request</u>	<u>FY 1999 Budget Request</u>
		<u>Budget Request</u>	<u>Appropriated</u>	<u>Current Estimate</u>		
Environmental Compliance	28,520	23,246	26,553	26,553	32,676	38,613
Minor Construction	59,825	39,620	42,111	42,111	40,333	43,374
Maintenance and Repair	378,636	292,742	345,785	345,785	344,413	359,712
Visual Information Systems	8,599	9,605	8,174	8,174	8,234	8,341
Base Communications	45,472	46,206	48,039	48,039	48,964	54,601
Base Operations Support	285,972	311,110	304,268	304,268	310,092	323,079
Real Property Services	<u>202,598</u>	<u>200,680</u>	<u>238,916</u>	<u>238,916</u>	<u>247,235</u>	<u>262,330</u>
Total	1,009,622	923,209	1,013,846	1,013,846	1,031,947	1,090,050

**Defense Health Program Appropriation
FY 1998/FY 1999 Biennial Budget Estimates
Operation and Maintenance**

III. Financial Summary (Continued--\$ in Thousands):

B. Reconciliation Summary:

	<u>Change FY 1997 / FY 1997</u>	<u>Change FY 1997 / FY 1998</u>	<u>Change FY 1998 / FY 1999</u>
Baseline Funding			
Congressional Adjustments	923,209	1,013,846	1,031,947
Supplemental Request	+90,637	0	0
Price Change	0	0	0
Functional Transfer	0	+10,047	+16,816
Program Changes	0	+8,054	+41,287
Current Estimate	1,013,846	1,031,947	1,090,050

C. OP-32 Line Item: See Exhibit Op-32

D. Reconciliation: Increases and Decreases

1. FY 1997 Budget Request	\$923,209
2. Congressional Adjustments	\$90,637
3. FY 1997 Appropriated	\$1,013,846
4. FY 1997 Current Estimate	\$1,013,846

**Defense Health Program Appropriation
FY 1998/FY 1999 Biennial Budget Estimates
Operation and Maintenance**

5. Price Growth		\$10,047
6. Program Increases		\$23,206
a. Environmental Compliance	Provides resources for environmental compliance, conservation, and pollution prevention projects necessary to meet provisions of the Clean Air Act, Clean Water Act, Solid Waste Management Act, and the Resource Conservation and Recovery Act.	+\$9,281
b. Real Property Maintenance	Reflects increasing plant replacement value that drives the level of our real property maintenance program. Increase is necessary to maintain RPM fund at 3% (for hospitals lesser for other activities).	+\$12,295
c. Combating Terrorism	Provides resources to support acquisition of additional physical security equipment, site improvements, and enhanced security forces and technicians to counter increased threat of terrorist attack.	+\$1,630
7. Program Decreases		-\$15,152
a. Base Realignment and Closure		-\$7,152

**Defense Health Program Appropriation
FY 1998/FY 1999 Biennial Budget Estimates
Operation and Maintenance**

Reflects anticipated personnel and infrastructure reductions as a result of cessation of inpatient and outpatient care and the closure of several DHP facilities.

b. Real Property Maintenance (RPM) -\$8,000

Deletes, realigns, and transfers DHP RPM projects at Beale AFB, Quantico, and Pensacola.

8. FY 1998 Current Estimate

\$1,031,947

9. Price Growth

\$16,816

10. Program Increase

\$53,995

a. Real Property Maintenance

+\$19,692

Reflects increasing plant replacement value that drives the level of our real property maintenance program. Increase is necessary to maintain RPM fund at 3% (for hospitals lesser for other activities).

b. Environmental Compliance

+\$9,003

Provides resources for environmental compliance, conservation, and pollution prevention projects necessary to meet provisions of the Clean Air Act, Clean Water Act, Solid Waste Management Act, and the Resource Conservation and Recovery Act.

c. Base Communications

+\$8,670

**Defense Health Program Appropriation
FY 1998/FY 1999 Biennial Budget Estimates
Operation and Maintenance**

Reflects costs necessary to accommodate the proliferation of information management technologies including CHCS, Telemedicine, and ADS.

d. Real Property Services +\$15,700

Reflects programmatic adjustment necessary to address critical Real Property Services shortfall.

e. Combating Terrorism +\$930

Provides resources to support acquisition of additional physical security equipment, site improvements, and enhanced security forces and technicians to counter increased threat of terrorist attack.

11. Program Decreases

-\$12,708

a. Base Realignment and Closure

-\$3,308

Reflects anticipated personnel and infrastructure reductions as a result of cessation of inpatient and outpatient care and the closure of several DHP facilities.

b. Real Property Maintenance (RPM)

-\$9,400

Deletes, realigns, and transfers DHP RPM projects at Beale AFB, Quantico, and Pensacola.

12. FY 1999 Current Estimate

\$1,090,050

Defense Health Program Appropriation
FY 1998/FY 1999 Biennial Budget Estimates
Operation and Maintenance

	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>	<u>FY1997/1998</u>	<u>FY 1998/1999</u>
<u>Active Military End Strength</u>						
Officer	757	751	729	725	-22	-4
Enlisted	2,194	2,180	2,143	2,145	-37	2
Total Military End Strength	2,951	2,931	2,872	2,870	-59	-2
<u>Civilian End Strength</u>						
U.S. Direct Hire	3,315	3,127	2,951	2,810	-176	-141
Foreign National Direct Hire	75	52	52	52	0	0
Total Direct Hire	3,390	3,179	3,003	2,862	-176	-141
Foreign National Indirect Hire	110	99	99	99	0	0
Total Civilian End Strength	3,500	3,278	3,102	2,961	-176	-141
<u>Military Workyears</u>						
Officer	788	754	740	727	-14	-13
Enlisted	2,319	2,187	2,162	2,144	-25	-18
Total Military Workyears	3,107	2,941	2,902	2,871	-39	-31
<u>Civilian Workyears (Total)</u>						
U.S. Direct Hire	3,591	3,176	2,954	2,863	-222	-91
Foreign National Direct Hire	54	58	58	58	0	0
Total Direct Hire	3,645	3,234	3,012	2,921	-222	-91
Foreign National Indirect Hire	103	109	109	109	0	0
Total Civilian Workyears	3,748	3,343	3,121	3,030	-222	-91

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINEBASEOPS&COMM						
308 Travel of Persons	6451	1	2.20	142	-977	5617
399 Total Travel	6451	1		142	-977	5617
401 DFSC Fuel	4806	0	1.30	62	-1122	3746
402 Service Fund Fuel	570	0	1.30	7	853	1430
411 Army Sup & Mat	217	0	-6.00	-13	16	220
412 Navy Sup & Mat	1314	0	8.60	113	178	1605
414 AF Sup & Mat	0	0	-1.20	0	0	0
415 DLA Sup & Mat	830	0	-2.10	-17	154	967
416 GSA Sup & Mat	1034	0	2.20	23	4756	5813
417 Local Proc Sup & Mat	5274	2	2.20	116	1345	6737
499 Total Sup & Mat	14045	2		291	6180	20518
502 Army Fund Equipt	213	0	-6.00	-13	393	593
503 Navy Fund Equipt	175	0	8.60	15	-121	69
505 AF Fund Equipt	357	0	-1.20	-4	-304	49
506 DLA Fund Equipt	53	0	-2.10	-1	57	109
507 GSA Fund Equipt	989	0	2.20	22	-654	357
599 Total Fund Equipt	1787	0		19	-629	1177
602 Army Depot Cmd Maint	8	0	6.90	1	6	15
611 Naval Surface War Ctr	222	0	-2.50	-6	-69	147
615 Data Automat Ctr Navy	0	0	-7.30	0	0	0
620 Fleet Aux Ships Navy	0	0	2.20	0	0	0
630 Naval Rsch Lab	1	0	5.30	0	6	7
631 Naval Civil Engrnr Ctr	6852	0	-6.50	-445	-3588	2819
633 Naval Pub & Pmt Svc	2143	0	9.40	201	117	2461

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1996 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1997 Program
LINE BASEOPS&COMM						
634 Nav Pub Wrks Ctr: Utilities	22480	0	-0.30	-67	-3023	19390
635 Nav Pub Wrks Ctr: Pub Wrks	75510	0	2.10	1586	-12680	64416
637 Naval Shipyards	0	0	14.50	0	1	1
653 Airlift Svcs Trng & Ops	0	0	29.40	0	0	0
671 Communications Svc	5666	0	-4.30	-244	4346	9768
673 Def Finance & Acct Svc	42241	0	11.40	4815	24825	71881
679 Cost Reimbursible Svc	471	0	2.20	10	8	489
699 Total Purchases	155594	0		5851	9949	171394
701 MAC Cargo	8	0	3.00	0	-8	0
702 MAC SAAM	0	0	-0.50	0	0	0
711 MSC Cargo	0	0	11.20	0	0	0
721 MTMC Port Handling	0	0	-6.80	0	19	19
725 MTMC Other	0	0	7.80	0	0	0
771 Commercial Transportation	3149	5	2.20	69	-1418	1805
799 Total Transportation	3157	5		69	-1407	1824
9XX Civ Pay Reimburs Host	149249	243	3.00	4485	-17986	135991
901 Foreign Nat Ind Hire	3261	0	3.00	98	622	3981
902 Separation Liability	2129	0	3.00	64	-894	1299
912 Rental Pay to GSA	3655	0	2.20	80	478	4213
913 Purchased Utilities	74903	80	2.20	1650	4111	80744
914 Purchased Communica	28229	106	2.20	623	-5966	22992
915 Rents non GSA	3234	4	2.20	71	-1187	2122
917 Postal Svcs	1727	0	2.50	43	-180	1590
920 Supplies & Mat	17623	5	2.20	388	-3569	14447
921 Printing & Reproduct	1242	0	2.20	27	50	1319

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1996</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1997</u> <u>Program</u>
LINE BASE OPS & COMM						
922 Equip Maint Contract	5381	3	2.20	118	-1350	4152
923 Facility Maint Contract	150061	240	2.20	3307	-15946	137662
925 Equip Purchases	16492	5	2.20	363	-10546	6314
926 Overseas Purchases	731	2	2.20	16	408	1157
930 Other Depot Maint	117	0	2.20	3	180	300
931 Contract Consultants	0	0	2.20	0	0	0
932 Mgmt & Prof Spt Svc	0	0	2.20	0	0	0
933 Studies Analysis Eval	0	0	2.20	0	0	0
934 Engineering Tech Svc	0	0	2.20	0	0	0
937 Fuel	521	5	2.20	12	215	753
988 Grants	0	0	2.20	0	0	0
989 Other Contracts	366967	372	2.20	8081	-3682	371738
998 Other Costs*	3066	0	2.20	67	19409	22542
999 Total Purchases	828588	1065		19496	-35833	813316
9999 TOTAL	1009622	1073		25868	-22717	1013846

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
LINE BASE OPS & COMM						
308 Travel of Persons	5617	0	2.10	118	51	5786
399 Total Travel	5617	0		118	51	5786
401 DFSC Fuel	3746	0	19.70	738	-366	4118
402 Service Fund Fuel	1430	0	19.70	282	-41	1671
411 Army Sup & Mat	220	0	2.30	5	-19	206
412 Navy Sup & Mat	1605	0	26.30	422	-71	1956
414 AF Sup & Mat	0	0	19.30	0	0	0
415 DLA Sup & Mat	967	0	1.60	15	-34	948
416 GSA Sup & Mat	5813	0	2.10	122	20	5955
417 Local Proc Sup & Mat	6737	0	2.10	141	33	6911
499 Total Sup & Mat	20518	0		1725	-478	21765
502 Army Fund Equipt	593	0	2.30	14	-50	557
503 Navy Fund Equipt	69	0	26.30	18	9	96
505 AF Fund Equipt	49	0	19.30	9	-10	48
506 DLA Fund Equipt	109	0	1.60	2	-4	107
507 GSA Fund Equipt	357	0	2.10	7	2	366
599 Total Fund Equipt	1177	0		50	-53	1174
602 Army Depot Cmd Maint	15	0	4.00	1	0	16
611 Naval Surface War Ctr	147	0	12.20	18	-10	155
615 Data Automat Ctr Navy	0	0	6.80	0	0	0
620 Fleet Aux Ships Navy	0	0	2.10	0	0	0
630 Naval Rsch Lab	7	0	-2.00	0	1	8
631 Naval Civil Engrnr Ctr	2819	0	2.10	59	-115	2763
633 Naval Pub & Prnt Svc	2461	0	-4.00	-98	332	2695

Base Ops & Comm

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Exhibit OP-32

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1997 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1998 Program
LINEBASEOPS&COMM						
634 Nav Pub Wrks Ctr: Utilities	19390	0	-1.00	-194	4544	23740
635 Nav Pub Wrks Ctr: Pub Wrks	64416	0	0.30	193	1131	65740
637 Naval Shipyards	1	0	19.60	0	1	2
653 Airlift Svcs Trng & Ops	0	0	19.80	0	0	0
671 Communications Svc	9768	0	-11.00	-1074	459	9153
673 Def Finance & Acct Svc	71881	0	-12.60	-9057	14246	77070
679 Cost Reimbursible Svc	489	0	2.10	10	3	502
699 Total Purchases	171394	0		-10142	20592	181844
701 MAC Cargo	0	0	5.00	0	0	0
702 MAC SAAM	0	0	17.80	0	0	0
711 MSC Cargo	0	0	9.30	0	0	0
721 MTMC Port Handling	19	0	5.70	1	-2	18
725 MTMC Other	0	0	-7.90	0	0	0
771 Commercial Transportation	1805	0	2.10	38	3	1846
799 Total Transportation	1824	0		39	1	1864
9XX Civ Pay Reimburs Host	135991	101	2.85	3879	-10179	129792
901 Foreign Nat Ind Hire	3981	0	2.85	113	-11	4083
902 Separation Liability	1299	0	2.85	37	-282	1054
912 Rental Pay to GSA	4213	0	0.00	0	97	4310
913 Purchased Utilities	80744	23	2.10	1696	682	83145
914 Purchased Communica	22992	41	2.10	484	431	23948
915 Rents non GSA	2122	2	2.10	45	152	2321
917 Postal Svcs	1590	0	0.00	0	0	1590
920 Supplies & Mat	14447	13	2.10	304	468	15232
921 Printing & Reproduct	1319	0	2.10	28	7	1354

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1997</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1998</u> <u>Program</u>
LINE BASE OPS & COMM						
922 Equip Maint Contract	4152	0	2.10	87	205	4444
923 Facility Maint Contract	137662	24	2.10	2891	20476	161053
925 Equip Purchases	6314	2	2.10	133	1632	8081
926 Overseas Purchases	1157	0	2.10	24	3	1184
930 Other Depot Maint	300	0	2.10	6	-102	204
931 Contract Consultants	0	0	2.10	0	0	0
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0	0
933 Studies Analysis Eval	0	0	2.10	0	0	0
934 Engineering Tech Svc	0	0	2.10	0	0	0
937 Fuel	753	0	2.10	16	88	857
988 Grants	0	0	2.10	0	0	0
989 Other Contracts	371738	28	2.10	7807	-25710	353863
998 Other Costs*	22542	0	2.10	473	-16	22999
999 Total Purchases	813316	234		18023	-12059	819514
9999 TOTAL	1013846	234		9813	8054	1031947

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE BASEOPS&COMM						
308 Travel of Persons	5786	0	2.10	122	-115	5793
399 Total Travel	5786	0		122	-115	5793
401 DFSC Fuel	4118	0	-4.40	-181	364	4301
402 Service Fund Fuel	1671	0	-4.40	-74	203	1800
411 Army Sup & Mat	206	0	2.20	5	-18	193
412 Navy Sup & Mat	1956	0	-3.00	-59	276	2173
414 AF Sup & Mat	0	0	0.00	0	0	0
415 DLA Sup & Mat	948	0	-1.00	-9	-10	929
416 GSA Sup & Mat	5955	0	2.10	125	7	6087
417 Local Proc Sup & Mat	6911	0	2.10	145	20	7076
499 Total Sup & Mat	21765	0		-48	842	22559
502 Army Fund Equipt	557	0	2.20	12	-45	524
503 Navy Fund Equipt	96	0	-3.00	-3	11	104
505 AF Fund Equipt	48	0	0.00	0	-1	47
506 DLA Fund Equipt	107	0	-1.00	-1	-1	105
507 GSA Fund Equipt	366	0	2.10	8	0	374
599 Total Fund Equipt	1174	0		16	-36	1154
602 Army Depot Cmd Maint	16	0	0.50	0	1	17
611 Naval Surface War Ctr	155	0	-0.70	-1	-11	143
615 Data Automat Ctr Navy	0	0	2.60	0	0	0
620 Fleet Aux Ships Navy	0	0	2.10	0	0	0
630 Naval Rsch Lab	8	0	12.10	1	0	9
631 Naval Civil Engr Ctr	2763	0	2.70	75	-339	2499
633 Naval Pub & Pmt Svc	2695	0	2.70	73	180	2948

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	FY1998 Program	Foreign Currency Adjust	Price Growth Percent	Price Growth Amount	Program Growth	FY1999 Program
LINE BASEOPS&COMM						
634 Nav Pub Wrks Ctr: Utilities	23740	0	-3.00	-712	1250	24278
635 Nav Pub Wrks Ctr: Pub Wrks	65740	0	0.20	131	5555	71426
637 Naval Shipyards	2	0	-10.80	0	0	2
653 Airlift Svcs Trng & Ops	0	0	-2.50	0	0	0
671 Communications Svc	9153	0	-12.30	-1126	549	8576
673 Def Finance & Acct Svc	77070	0	-0.10	-77	5753	82746
679 Cost Reimbursible Svc	502	0	2.10	11	0	513
699 Total Purchases	181844	0		-1625	12938	193157
701 MAC Cargo	0	0	5.00	0	0	0
702 MAC SAAM	0	0	-1.50	0	0	0
711 MSC Cargo	0	0	4.80	0	0	0
721 MTMC Port Handling	18	0	-1.20	0	-1	17
725 MTMC Other	0	0	-0.30	0	0	0
771 Commercial Transportation	1846	0	2.10	39	1	1886
799 Total Transportation	1864	0		39	0	1903
9XX Civ Pay Reimburs Host	129792	256	2.20	2861	-4632	128277
901 Foreign Nat Ind Hire	4083	0	2.20	90	-6	4167
902 Separation Liability	1054	0	2.20	23	35	1112
912 Rental Pay to GSA	4310	0	0.00	0	95	4405
913 Purchased Utilities	83145	0	2.10	1746	886	85777
914 Purchased Communica	23948	51	2.10	504	472	24975
915 Rents non GSA	2321	72	2.10	50	-71	2372
917 Postal Svcs	1590	3	0.00	0	-3	1590
920 Supplies & Mat	15232	0	2.10	320	219	15771
921 Printing & Reproduct	1354	0	2.10	28	2	1384

Defense Health Program Appropriation
Fiscal Year 1998/1999 Biennial Budget Estimates
Summary of Price and Program Changes
(Dollars in Thousands)

	<u>FY1998</u> <u>Program</u>	<u>Foreign</u> <u>Currency</u> <u>Adjust</u>	<u>Price</u> <u>Growth</u> <u>Percent</u>	<u>Price</u> <u>Growth</u> <u>Amount</u>	<u>Program</u> <u>Growth</u>	<u>FY1999</u> <u>Program</u>
LINE BASEOPS&COMM						
922 Equipt Maint Contract	4444	0	2.10	93	5	4542
923 Facility Maint Contract	161053	95	2.10	3384	2285	166817
925 Equipt Purchases	8081	12	2.10	170	103	8366
926 Overseas Purchases	1184	0	2.10	25	6	1215
930 Other Depot Maint	204	0	2.10	4	2	210
931 Contract Consultants	0	0	2.10	0	0	0
932 Mgmt & Prof Spt Svc	0	0	2.10	0	0	0
933 Studies Analysis Eval	0	0	2.10	0	0	0
934 Engineering Tech Svc	0	0	2.10	0	0	0
937 Fuel	857	0	2.10	18	39	914
988 Grants	0	0	2.10	0	0	0
989 Other Contracts	353863	581	2.10	7443	28198	390085
998 Other Costs*	22999	0	2.10	483	23	23505
999 Total Purchases	819514	1070		17242	27658	865484
9999 TOTAL	1031947	1070		15746	41287	1090050